

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF LE MARS, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2004**

Prepared by the  
Finance Department  
Bill Cole, Finance Director  
**CITY OF LE MARS, IOWA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2004  
TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

	<b>Page</b>
Letter of Transmittal .....	1 – 10
Organization Chart .....	11
List of Principal Officials .....	12
Certificate of Achievement .....	13 – 14

**FINANCIAL SECTION**

Independent Auditors' Report.....	15 – 16
Management's Discussion and Analysis .....	17 – 29

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Statement of Net Assets .....	30
Statement of Activities .....	31 – 32

**FUND FINANCIAL STATEMENTS**

**Governmental Funds Financial Statements**

Balance Sheet.....	33 – 34
Reconciliation of the Balance Sheet to the Statement of Net Assets .....	35
Statement of Revenues, Expenditures and Changes in Fund Balances .....	36 – 37
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities.....	38

**Proprietary Funds Financial Statements**

Combining Statement of Net Assets .....	39 – 40
Combining Statement of Revenues, Expenses and Changes in Net Assets .....	41 – 42
Combining Statement of Cash Flows .....	43 – 46

**Fiduciary Funds Financial Statements**

Statement of Fiduciary Net Assets .....	47
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Notes to Financial Statements .....	48 – 71
-------------------------------------	---------

**Required Supplementary Information**

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual, General Fund and Major Special Revenue Funds – Cash Basis...	72 – 78
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**CITY OF LE MARS, IOWA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2004  
TABLE OF CONTENTS**

***FINANCIAL SECTION – (CONTINUED)***

	<b>Page</b>
<hr/>	
<b>Other Supplementary Information</b>	
<b>Governmental Non-Major Funds Combining Financial Statements</b>	
Balance Sheet.....	79 – 83
Statement of Revenues, Expenditures and Changes in Fund Balances .....	84 – 88
<b>Enterprise Non-Major Funds Combining Financial Statements</b>	
Statement of Net Assets .....	89
Statements of Revenues, Expenses and Changes in Net Assets .....	90
Statement of Cash Flows .....	91
<b>Internal Service Non-Major Funds Combining Financial Statements</b>	
Statement of Net Assets .....	92
Statement of Revenues, Expenses and Changes in Net Assets .....	93
Statement of Cash Flows .....	94
<b>Fiduciary Funds Combining Financial Statements</b>	
Statement of Net Assets .....	95
Statement of Changes in Assets and Liabilities .....	96

***STATISTICAL SECTION***

General Governmental Expenditures By Function.....	97
General Governmental Revenues By Source.....	97
Property Tax Levies and Collections .....	97
Assessed and Estimated Actual Value of Taxable Property .....	98
Property Tax Rates and Tax Levies - Direct and Overlapping Governments.....	98
Principal Taxpayers.....	99
Computation of Legal Debt Margin .....	99
Special Assessment Collections.....	100
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita....	100
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures .....	100
Computation of Direct and Overlapping Debt.....	101
Sewer Revenue Bond Coverage .....	101
Golf Course Revenue Bond Coverage .....	102
Demographic Statistics .....	102
Property Value, Construction, and Bank Deposits.....	102
Miscellaneous Statistics .....	103

CITY OF LE MARS, IOWA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2004  
TABLE OF CONTENTS

*FINANCIAL SECTION – (CONTINUED)*

	<b>Page</b>
Schedule of Expenditures of Federal Awards (Cash Basis) .....	104
Schedule of Expenditures of Federal Awards (Cash Basis) Notes to Schedule of Expenditures of Federal Awards .....	105
Schedule of Findings and Questioned Costs.....	106 – 108
Summary Schedule of Prior Year Audit Findings .....	109
Report on Compliance with Requirements Applicable to the Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 .....	110 – 111
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	112 – 113
Corrective Action Plan.....	114

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January 21, 2005

Honorable Mayor, Members of City Council  
and Citizens of the City of Le Mars, Iowa

The Comprehensive Annual Financial Report of the City of Le Mars, Iowa for the fiscal year ended June 30, 2004 is hereby submitted in accordance with the provisions of Section 384.22 of the Code of Iowa. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a full understanding of the significant aspects of the City's financial affairs have been included.

The financial statements and schedules included in this report reflect all the funds and the component unit of the City in accordance with standards set by the Governmental Accounting Standards Board. This is the second year of GASB Statement 34. This statement significantly changed governmental financial reporting in order to bring it closer to a private sector model. Because of these changes this report will be the first year with GASB 34 comparable data.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit.

- 1) The Introductory Section includes this transmittal letter, the City's organizational chart, list of principal officials and overview of the City's economic condition and major initiatives.
- 2) The Financial Section includes the audited financial statements and schedules of the City, as well as the auditors' report on the financial statements and schedules. They are presented in accordance with the financial reporting pyramid set forth by the Governmental Accounting Standards Board. The combined statements in this section present an overview of the City's entire financial operations.
- 3) The Statistical Section includes selected financial and demographic information. The selected data is generally presented on a multi-year basis.
- 4) The government is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Nonprofit Organizations. Information related to this single audit, including Schedule of Federal Award Expenditures, Findings and Recommendations, and the auditor's reports on internal control and compliance with applicable laws and regulations are included in the single audit section of this report.

## THE REPORTING ENTITY AND ITS SERVICES

The City provides a wide range of services including police and fire protection, library, recreation, convention center, solid waste, ambulance, golf course, parks and swimming pool, street maintenance, water, waste water collection and treatment services, airport facilities planning and zoning, economic development and administrative services.

This report includes all of the funds and account groups of the City, as well as all activities considered to be part of the City based on an evaluation of characteristics and criteria outlined in the *Governmental Accounting Standards Board Statement 14*. These include the Floyd Valley Municipal Hospital.

## ECONOMIC CONDITION AND OUTLOOK

During fiscal year 2004, the City continued to work very hard in creating a positive approach to aggressive growth and development.

Building permit activity for fiscal year 2004 increased by approximately 130% over fiscal year (FY) 2003 from \$7,688,966 in FY 2003 to \$17,717,457 in FY 2004. The spread of these FY' 04 dollars was 27% to residential; 65% to commercial and industrial; and the remaining 8% to a miscellaneous component which included signs, garages, etc.

Continued progressive growth in the Le Mars community had a positive effect on the City's unemployment percentage and tax base. As a result of extremely low unemployment rates in numerous categories, employers in and around Le Mars continue to draw heavily from the area surrounding the Le Mars/Plymouth County area. This draw area includes the tri-state area of Western Iowa, Southeastern South Dakota and Northeastern Nebraska.

According to the U.S. Census Bureau in a report published by the State Library of Iowa, the City's population increased from 8454 in the 1990 census to 9237 in the 2000 census.

## MAJOR INITIATIVES

The City continued its efforts during Fiscal Year 2004 to implement several of the major initiatives which are identified below:

- Improve the industrial park and construct the business park
- Assist and facilitate industrial and business developments
- Implement Community Betterment Program Projects
- Market Le Mars as a tourism destination
- Fully develop the convention center
- Make significant improvements to the Wastewater Treatment Plant.
- Construct new Water Treatment Plant for iron and manganese removal
- Construct two (2) new water supply wells
- Continue higher education opportunities through Buena Vista University and Western Iowa Technical Community College
- Work with IDOT on the Highway 60/75 bypass
- Work with Plymouth County on bypass corridor land use and urban renewal area
- Downtown developments, streetscape activities, and utilize The Olson Cultural

- Event Center
- Study the Municipal Airport for runway extensions
- Construct storm sewer and drainage improvements
- Continue operations of the Weidler Community Service Center
- Develop two (2) new parks – Westmar Memorial Park and Veterans Memorial Park

Finally, the City continued programs in each of its various departments for improvement and repair of its major infrastructure, including streets, storm and sanitary sewers, water mains, buildings, parks, cemeteries, and recreation facilities.

### PROJECT DETAIL TO ACCOMPLISH INITIATIVES

#### Retain Wells' Dairy, Inc. Corporate Headquarters In/Near Le Mars

Beginning in the first half of FY 2004 with the announcement of Wells' Dairy, Inc. to consolidate seven (7) management divisions operating in seven (7) separate locations throughout Le Mars into one (1) Corporate Headquarters Complex, the City worked tirelessly to retain Wells' Dairy's headquarters in or near Le Mars. The effort quickly expanded to include every aspect effecting Wells' Dairy's decision and involved many partners in a collaborated proposal which was ultimately accepted by Wells' Dairy in the second half of FY 2004. The partners to this effort included the following:

- City of Le Mars
- Plymouth County
- Le Mars Business Initiative Corporation
- Governor's Office, State of Iowa
- Various State of Iowa Departments (IDOT, IDED)
- Legislative Branch, State of Iowa
- Utility Providers (City Water & Sewer, MidAmerican Electric & Gas, NW REC Electric, and several communication service providers)
- Legal and Fiscal Providers

Implementing Wells' Dairy, Inc. decision to construct their headquarters in Le Mars will be carried over at least two (2) consecutive fiscal years (FY '05 & FY '06).

#### Create a Balanced Budget, FY 2005

Creating a balanced budget for FY 2005 was accomplished through the assistance of all the City's Department Heads, Park Board, and City Council and through the use of several additional revenue sources obtained in previous fiscal years, including:

- 1) Local Option Sales and Use Tax which provided \$684,950 toward the following projects:

<u>Sponsor</u>	<u>Project</u>	<u>Amount</u>
Wasmer Post 241	County wide Memorial Park to commemorate all veterans	\$275,000
Plymouth County Museum	Safety/Energy Conservation	\$ 47,000
Community Theater	New seating, renovate restrooms, handicap accessibility	\$ 40,000

Siouxland Youth for Christ	Equipment	\$ 6,300
Arts Council	Replace Flooring	\$ 1,900
Chamber of Commerce	City of Le Mars – Complete Phases 1, 3, 4 of Streetscape & Olson Cultural Event Ctr.	\$281,000
City of Le Mars	Upgrade traffic lights throughout City	\$ 6,000
Le Mars Senior Center	Purchase thirty (30) Chairs	\$ 750
Le Mars Day Care	Purchase equipment to start Infant/Toddler Program	\$ 7,000
Main Street	Continue Main Street Façade Program	\$ 20,000

2) Hotel/Motel Sales Tax which provided \$123,000 toward the following projects:

<u>Project</u>	<u>Amount</u>	<u>Project</u>	<u>Amount</u>
Loud Speaker Battery	\$ 35	Promote Ice Cream Days	\$ 7,000
Toy Show	\$ 400	Rugby Tournament	\$ 9,000
Gehlen Reunion	\$ 500	Grandstand Improvements	\$10,000
Museum Heat/Air Units	\$12,000	Children's Theater	\$ 2,000
Movies at OCEC	\$ 3,000	Billboards, etc.	\$21,990
Theater Sign	\$ 3,700	Convention Center	\$30,000
Old Time Music Festival	\$ 4,000	Memorial Park	\$ 3,500
Market Le Mars	\$ 4,375	Municipal Band	\$ 5,000
Concert Series at OCEC	\$ 3,500	LCSD Alumni Association	\$ 3,000

3) Community Betterment Program fund raising and grant writing, which will ultimately provide the following sources and use of funds:

<u>Project Description</u>	<u>Total Uses</u>
<b>Use of Funds:</b>	
Skateboard Park (complete)	\$ 44,163
Outdoor Pool (complete)	\$ 829,219
Golf Course – New Nine	\$ 950,000
Golf Course – Club House	\$1,350,000
Recreation Trail – 3.5 Miles (Phase II)	\$ 650,000
Community Wellness Center:	
Indoor Pool	\$ 690,000
Therapeutic Pool	\$ 169,000
Walking Track & Facility	\$ 700,000
Athletic Equipment	\$ 75,000
Parking Lot	\$ 258,556
Admin/Fund Raising Costs	\$ 50,491
Bonding Costs & Interest	\$ 318,465
Recreation Trail – 2 Miles (Phase III)	\$ 425,000
Golf Course Amenities	\$ 66,500
Sportsman Relocation	\$ 124,000
Wings RC – Relocation	\$ 50,000
<b>Total Needed</b>	<b><u>\$6,750,394</u></b>



**Source of Funds:**

CBP Funds – Private Contributions	\$3,478,370
CBP Funds – City LOST Funds	\$ 500,000
CBP Funds – City Park Board	\$ 185,000
CBP Funds – Federal Land Grant	\$ 100,000
CBP Funds – REAP Grant	\$ 100,000
CBP Funds – Living Roadway Grant	\$ 15,000
CBP Funds – Tree Grant	\$ 3,000
CBP Funds – Interest Earned	\$ 13,824
Plymouth County Donation	\$ 10,000
City/County Joint TIF Funds	\$ 272,500
City Park Board FY '04 Budget	\$ 27,000
City Park Board FY '05 Budget	\$ 70,000
City Park Board – Cart Path Fund	\$ 15,050
Sportsman Club Donation	\$ 45,000
City In-Kind Work	\$ 419,000

**Applied For Funding:**

FY '06 LOST – Indoor Pool – Slide	\$ 140,000
FY '06 LOST – Sportsman Club	\$ 25,800
FY '06 LOST – Golf Amenities	\$ 11,500
FY '06 LOST – Golf Furniture	\$ 21,000
FY '06 LOST – CWC (Gym Floor)	\$ 18,000
Demco Foundation Grant	\$ 25,000

CAT Grant \$1,255,350

**Project Funds Available** **\$6,750,394**

- 4) Federal, State and Private Foundation Grant/Loan Programs have been utilized for a number of years and continue to be used to generate significant additional revenues to fund a variety of specialized capital improvements, including:

• IDNR – REAP Grant	\$ 100,000
• IDOT – Iowa Living Roadway Grant	\$ 15,000
• MidAmerican Energy – Tree Grant	\$ 3,000
• Vision Iowa – CAT Grant	\$1,255,350 (not awarded)
• RBOG – Planning Grant	\$ 41,400
• IDOT – R.I.S.E. Grant	\$1,937,000
• FHWA/IDOT – STP Grants	
○ Plymouth Street Streetscape	\$ 117,000
○ 7 <sup>th</sup> Avenue S.E. (K-49)	\$ 150,000
○ 12 <sup>th</sup> Street S.W.	\$ 220,000
○ Central Avenue & 4 <sup>th</sup> Street S.	\$ 150,000
○ 4 <sup>th</sup> Street S.E.	\$ 240,000
○ 4 <sup>th</sup> Street S.W.	\$ 230,000
• IDNR – Wastewater SRF Loan	\$8,000,000
• IDNR – Water SRF Loan	\$6,900,000

- 5) Tax Increment (T.I.F.) from establishment of Urban Renewal Areas which provided the following summary of T.I.F. revenue:

Urban Renewal Area	Actual FY 01	Actual FY 02	Actual FY 03	Actual FY 04	Budget FY 05	Budget FY 06
LMURA	\$211,000	\$414,886	\$829,328	\$1,155,823	\$1,850,000	\$1,973,000
WUURA	188,939	209,607	72,523	113,478	160,000	187,000
HURA	48,262	50,140	60,869	63,694	70,000	70,000
TOTALS	<u>\$448,201</u>	<u>\$674,633</u>	<u>\$962,720</u>	<u>\$1,332,995</u>	<u>\$2,080,000</u>	<u>\$2,230,000</u>

(Note: The significant increase in LMURA is due to several Iowa Jobs Training Program TIF Issues retiring in FY 03.)

#### Wastewater Treatment Plant Improvements

The City continued to focus on wastewater treatment during FY '04 by effectively finalizing the remaining improvement phases outlined in the November, 2001 engineering study, namely:

- 1) Fully completed \$850,000 of renovations and upgrades needed in initial part of Phase I of said study regarding the activated sludge process through design by Mc Clure Engineering and construction by Grundman Hicks Construction Co.
- 2) Partially completed (80% ±) \$2,176,161 of the improvements listed under the remaining portion of Phase I of said study regarding three major work areas of: 1) biosolids pumping, transport pipeline and 6,000,000 gallon storage lagoon; 2) flow equalization basin upgrade with complete aeration system; 3) side stream separation through construction of five independent lift stations, through design by Bolton & Menk and construction by Lessard Contracting, Inc.
- 3) Designed and bid \$5,284,745 of needed improvements for Phase II of said study regarding seven major work areas of: 1) new main electrical and SCADA control systems; 2) rebuild the gas covers and gas handling systems within the three anaerobic digester tanks; 3) new biosolids boiler system; 4) new standby emergency power generator; 5) replace biosolids draw-off handling system; 6) safety improvements; 7) update building components, through design by Bolton & Menk and bid award to Christiansen Construction Co., Inc.

The City's ability to provide treatment of sewage at the present location was solidified with the purchase of two (2) tracts of land in FY '03: 1) 43 acres surrounding the wastewater treatment plant for these and future expansions; and, 2) 120 acres for biosolid storage lagoon and biosolid application.

#### Water Quality and Supply

The City's emphasis on water quality became reality one month into FY '04 when construction began on the City's first Water Treatment Plant which will be capable of iron and manganese removal of 6,000,000 gallons per day. Design was provided by Mc Clure Engineering and construction by Grundman Hicks with a bid of \$4,905,200. Construction completion is expected in late FY '05.

Water supply relocation was necessitated by the new water treatment plant located at the south well field. All supply wells would be needed from the south source; therefore, the City initiated a

project to construct two (2) new water supply wells into the south well field which would replace existing Well Nos. 4 and 8 with New Well No. 11 and 12. Design was provided by Layne GeoSciences (aka Chatman and Associates) and Mc Clure Engineering. Bidding was accomplished in FY '04 as well with project awarded to the following three contractors at a cost of \$1,438,465:

- 1) Well construction and development by Layne Western
- 2) Raw Transmission Pipeline by Lessard Contracting
- 3) Electrical and Controls by Automatic Systems

#### Plymouth Street Streetscape

Although a very important enhancement for downtown Le Mars, this project was rescheduled for FY '05.

#### Community Betterment Program (CBP)

This first of the original CBP projects to be constructed was the Le Mars Municipal Swimming Pool Renovation and Expansion Project which started early in FY '03 and was substantially completed in late FY '03. However, minor punch list items of work had to be scheduled in FY '04 and FY '05 when the pool was not in operation. Pool design was provided by Pool Technologies and construction was accomplished by Brown Construction at a total project cost of \$829,219.

The second CBP project was the Skate Board Park which was accomplished fully in FY '03.

The third CBP project to be started was the access and parking needed for the combination Community Wellness Center and Le Mars Convention Center. The project consisted of extended 3<sup>rd</sup> Avenue SE from 11<sup>th</sup> Street South to 12<sup>th</sup> Street South on the east side of the Convention Center and the addition of 170 new parking stalls to the south of both facilities. This project started in the first half of FY '04 and was completed late in the second half of FY '04 at a total cost of \$258,556.

Also decided in the second half of FY '04 was the agreement with the Le Mars Area Family YMCA for CBP funds to be utilized to reimburse the YMCA for the purchase of \$75,000 of exercise equipment to be housed within the Community Wellness Center.

The fourth CBP project initiated in FY '04 was the new nine holes of golf course to be added to the existing eighteen holes. Design was completed by a joint effort between City Staff, City Golf Manager and two local golf professionals (Todd Sapp and Al Pottebaum) and was bid in the second half of FY '04 at an earthwork cost of \$95,000 plus \$16,000 force account work with Northwest Iowa Community College; at an irrigation cost of \$150,000; at other direct material purchases of approximately \$250,000 resulting in a total construction cost of \$510,000.

A CAT/Vision Iowa Grant application was submitted to the State of Iowa for the remaining original CBP projects, however, at the close of FY '04 was pulled in anticipation of resubmittal of an expanded program for greater State of Iowa assistance.

#### Le Mars Business Park Infrastructure

Continuation throughout all of FY '04 with the Le Mars Business Park earthwork and grading

operations became reality.

Design was provided by City Staff and Professional Surveying Services, Inc. and construction by Northwest Iowa Community College at a total cost of \$97,280 plus miscellaneous cost for pole setting, pipe laying and installation of storm sewers.

In addition, City Staff designed and bid storm sewer and pavement infrastructure for Holton Drive North with the \$250,040 construction contract provided by Russell's Ready Mix, Inc.

Other miscellaneous work accomplished at the Le Mars Business Park, included:

- Sub-grade stabilization of Holton Drive South
- Sub-base installation on south half of Holton Drive South
- Drainage and berm protection of Sewer Lift Station
- Salvage of approximately 5,000 CY of sand/gravel
- Top soiling of all disturbed areas
- Secondary nature trail on interior of borrow site
- Temporary and permanent seeding of all areas
- Final determination of storm water management

#### City Involvement in Private Developments

- Prime First Addition – Finalized construction of Central Avenue and 18<sup>th</sup> Street SW/SE extensions
- AZ Development – Inspected construction of street, storm, sanitary and water infrastructure
- Janssen Estates, 5<sup>th</sup> Filing – Finalized construction of 18<sup>th</sup> Street SE infrastructure
- Judge Bradley's Addition – Reviewed and approved subdivision plats
- Prime Agency Low-Income Assisted Housing – Assisted with water main extension, sidewalk replacements, and street/parking overlays
- Schuster Properties, Inc. – Negotiated a Development Agreement, minimum assessment, annexation, sewer, water and street extensions
- Postal Playhouse – Assisted with various improvement projects (i.e. signage, lighting, seating and proposed future addition)

#### FY 2003 Carry Over Capital Projects

Several capital projects initiated in FY '03 and subsequently carried over into FY '04 were fully completed, including:

- Weidler Community Service Center (non-profit center)
- Fire Station No. 2 relocation to 12<sup>th</sup> Street South
- Le Mars Convention Center interior and exterior renovations
- New Plymouth County Law Enforcement Center (associated City infrastructure components)
- Downtown Streetscape and Olson Cultural Event Center, amenities, furniture and furnishings
- Project Impact Initiative – Final Punch List, only
- Park Improvements at Walnut Park, Swimming Pool Park, Westmar Memorial Park, Veterans Memorial Park, Schafer Park
- R.U.T. Street Repairs and Improvements (i.e. pavement patching and joint sealing and

- 18<sup>th</sup> Street SE)
- T.I.F. Capital Projects (i.e. 9<sup>th</sup> Avenue S.W., 6<sup>th</sup> Street S.W.)
- Miscellaneous Drainage Improvements (i.e., Lancaster 3<sup>rd</sup> Addition, Fire Station No. 2, 11<sup>th</sup> Street S., Fairgrounds, US 75 to Floyd River, 15<sup>th</sup> Street Twin Outlet, Goose Creek Clean-up)
- Borrow Site Management

### Secondary Initiatives

City efforts continued in a number of additional areas of community involvement, including:

- Little League sidewalks and retaining walls
- Gehlen Ball Fields regrading and concession building
- SIMPCO Contracts (i.e., 2005 Comprehensive Plan; 2005 Housing Study; Grant Writing Contract)
- Floyd Valley Hospital – New Addition advisor and coordination
- Space Needs Analysis within police, fire, public works, street, public facilities departments
- Purchase 76 acres of additional land to relocate shooting range, crushing, chipping, three future supply wells and industrial growth
- EPA Coal Tar Site Clean-Up at Street Department, assistance and cooperation
- IDNR Administrative Order, Wastewater and Storm Water
- IDNR unit based pricing Ordinances and standardized container system
- IDNR storm water permitting, planning, pollution prevention systems
- Performance Based Appraisals and Measurable Management concepts
- Main Street Program Awards
- Railroad Crossing Negotiations
- Renovation of City Hall Interior
- City Farm Land Management
- EPC testimony regarding water quality
- Rural Water Territory Negotiations

### FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls - In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

Cash Management - Cash temporarily idle in all funds at the end of fiscal year 2004 was invested in various types of investment instruments. On June 30, 2004 the City's (including Floyd Valley Hospital) cash resources were invested in Certificates of Deposits, Money Market Accounts, and Treasury Securities.

*Risk Management*- During fiscal year 2004 the City continued to be insured for property and liability losses by the Iowa Community Assurance Pool (ICAP). Also the City continued to participate in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

*Management Discussion and Analysis* – The Management Discussion and Analysis provides a detailed analysis of the changes in the City's financial position. One item of particular interest is the change in reporting model to a one bottom line number approach which is close to that of the private sector. Following this approach, the government-wide statements show an increase in net assets of \$1.6 million. While this number is startling it must be remembered that nearly all of this increase is due to an excess capital improvement spending over depreciation on existing assets. This \$1.6 million cannot be used to reduce next year's taxes.

#### OTHER INFORMATION

*Independent Audit* - State statutes require an annual audit by independent certified public accountants. The accounting firm of Williams & Company, P.C. was selected by the City Council. The auditors' report on the financial statements, combining and individual fund statements and schedules is included in the financial section of this report.

*GFOA Certificate of Achievement* - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in the Financial Reporting to the City of Le Mars for its comprehensive annual financial report (CAFR) for the year ended June 30, 2003. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. The City of Le Mars has received a Certificate of Achievement for several years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

*Acknowledgements* - The preparation of the comprehensive annual financial report is a result of much work by many people. The entire City staff is to be commended for their dedication, cooperation and efforts in the preparation of this report.

In closing, without the leadership and support of the Mayor and City Council, preparation of this report would not have been possible.

Respectfully submitted,

  
City of Le Mars  
Department of Finance

  
City of Le Mars  
Administration



# CITY OF LE MARS, IOWA

## List of Principal Officials June 30, 2004

Title	Name
Mayor .....	Virgil Van Beek
Council Member and Mayor Pro-tem .....	Rex Knapp
Council Member .....	Charles Soderberg
Council Member .....	Mark Miller
Council Member .....	Kenneth Nelson
Council Member .....	John Rexwinkel
City Clerk/Treasurer .....	Beverly Langel
Finance Director .....	Bill Cole
City Attorney .....	Joseph Flannery
City Administrator/City Engineer/Public Works Director .....	Scott Langel
Community Development Director/Code Enforcement Officer .....	John Meis
Chief of Police .....	Stuart Dekkenga
Fire Chief/Building Inspector .....	Wayne Schipper
Wastewater Superintendent .....	Ron Kayser
Assistant Wastewater Superintendents .....	Al McDermott
	William Morgan
Water Superintendent .....	Jim Conley
Assistant Water Superintendent .....	Gayle Sitzmann
Recreation Director .....	Donna Ruhland
Ambulance Co-Directors .....	Byron Bulthuis
	Bill Rosacker
Golf Course Manager .....	Doug Schultz
Library Director .....	Elizabeth Hansen
Airport Manager .....	Earl Draayer
Public Works Supervisor .....	Charlie Eufers
Assistant Public Works Supervisor .....	Dan Crowley
Street Supervisor .....	Steve Hansen
Community Wellness Center Facilities Director/Convention Center Manager .....	Donna Ruhland



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Le Mars,  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Le Mars, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council  
City of Le Mars, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Le Mars, Iowa, (the City) as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We did not audit the financial statements of Floyd Valley Municipal Hospital (a discretely presented component unit), which statements reflect total assets of \$23,764,003 as of June 30, 2004, and total operating revenues of \$16,126,599 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Floyd Valley Municipal Hospital, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the city as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and

presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2004 on our consideration of the City of Le Mars' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Le Mars, Iowa. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The accompanying combining non-major fund financial statements, and the Schedule of Expenditures of Federal Awards which is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Williams & Company P.C.*  
Certified Public Accountants

Le Mars, Iowa  
September 24, 2004

## **Management Discussion and Analysis**

June 30, 2004

This discussion and analysis of the City of Le Mars financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2004. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report, as well as the separately issued financial statements of Floyd Valley Hospital, a discretely presented component unit of the City.

### **Financial Highlights:**

- The assets of the City of Le Mars exceeded liabilities at June 30, 2004, by \$30,648,142. Of this amount, \$7,318,194 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$1,580,541 during the year. Of this amount, the assets of our Governmental Activities increased \$463,243 and the assets of our Business Activities increased \$1,117,298.
- The largest factor in the increase in fund balance was the amount by which capital outlays exceeded depreciation in the current period. In fiscal year 2004, that excess was \$752,441.
- The City's long-term debt increased \$8,832,753 due to the issuance of General Obligation Corporate Notes of \$5,120,000 for capital projects and advance refunding resulting in a savings of \$167,924 for the City. Outstanding General Obligation debt totals \$12,930,000 and other outstanding long-term debt totals \$6,635,479.
- The City drew down \$3,478,816 from Water Revenue Bonds (SRF) and \$1,876,525 from Sewer Revenue Bonds (SRF).

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

## **REPORTING THE CITY AS A WHOLE**

### **The Statement of Net Assets and the Statement of Activities**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is *"Is the City of Le Mars in a better financial position at the end of this fiscal year, compared to last year?"* The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answers this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private-sector

companies. These two statements report the City's net assets, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure, are also important in making this determination.

In the Statement of Net Assets and the Statement of Activities, we have divided the City into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, such as Police, Fire, Public Works and Parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- **Business Type Activities** – The City charges fees to customers to cover the cost of these services. Included here are the City Water, Sewer, Solid Waste and Golf Course funds.

## REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as Sales Tax Revenues). The City has the following types of funds:

- **Governmental Funds** – Most of the City's basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds in a reconciliation following each Governmental Fund financial statement.
- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the Proprietary Funds report and the Business Type Activities we report in the government-wide statements is the detail and additional information, such as cash flows, provided in the Proprietary Funds report.

## THE CITY AS TRUSTEE

### Reporting the City's Fiduciary Responsibilities

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City government. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found behind the Fiduciary Funds statements.

## **THE CITY AS A WHOLE**

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparative chart shows the changes in net assets for the years ended June 30, 2004 and 2003.

	General Governmental Activities	
	2004	2003
Current and Other Assets	\$12,264,207	\$8,114,768
Capital Assets	<u>19,539,666</u>	<u>18,554,280</u>
Total Assets	31,803,873	26,669,048
Long-Term Liabilities Outstanding	10,595,303	6,386,137
Other Liabilities	<u>5,445,008</u>	<u>4,982,592</u>
Total Liabilities	16,040,311	11,368,729
Net Assets:		
Invested in Capital Assets, Net of Related Debt	9,284,666	12,422,280
Restricted	196,652	175,775
Unrestricted	<u>6,282,244</u>	<u>2,702,264</u>
Total Net Assets	<u>\$15,763,562</u>	<u>\$15,300,319</u>

This summary reflects an increase of 3.03% for the governmental net assets and an increase of 8.12% in the business-type net assets.



Business-Type Activities		Totals	
2004	2003	2004	2003
\$ 2,181,778	\$ 1,799,295	\$14,445,985	\$ 9,914,063
23,159,109	16,816,289	42,698,775	35,370,569
25,340,887	18,615,584	57,144,760	45,284,632
9,310,479	4,600,726	19,905,782	10,986,863
1,145,828	247,576	6,590,836	5,230,168
10,456,307	4,848,302	26,496,618	16,217,031
13,848,630	12,215,563	23,133,296	24,637,843
		196,652	175,775
1,035,950	1,551,719	7,318,194	4,253,983
\$14,884,580	\$13,767,282	\$30,648,142	\$29,067,601

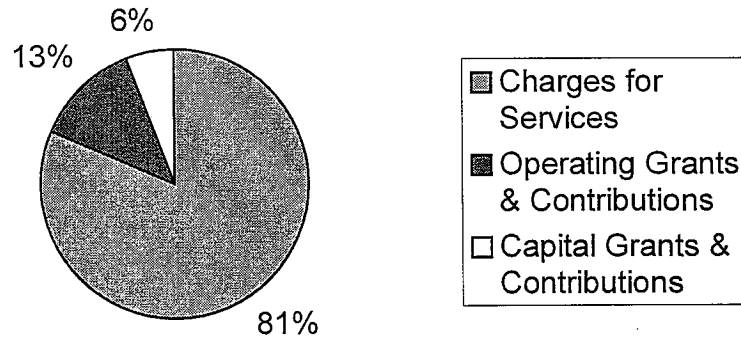
Total revenue reported in Fiscal year 2004 was \$12,430,677. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2004 and 2003:

Revenue Source	General Governmental Activities	
	2004	2003
<b>Program Revenues:</b>		
Charges for Services	\$ 1,527,993	\$ 1,401,989
Operating Grants and Contributions	899,243	900,548
Capital Grants and Contributions	<u>414,689</u>	<u>4,611,702</u>
<b>Total Program Revenues</b>	2,841,925	6,914,239
<b>General Revenues &amp; Interfund Transfers:</b>		
Property Taxes	4,211,593	3,855,974
Other Taxes	13,876	13,078
Local Option Sales Tax	684,127	761,931
Hotel / Motel Taxes	88,715	98,024
Special Assessments	---	1,050
Interest	54,434	21,968
General Intergovernmental Revenues	50,040	163,858
Revenue from Use of Property	419	---
Gain on Sales of Assets	(8,087)	26,817
Miscellaneous	202,739	265,411
Interfund Transfers	<u>(135,000)</u>	<u>340,000</u>
<b>Total General Revenues &amp; Interfund Transfers</b>	<u>5,162,856</u>	<u>5,548,111</u>
<b>Total Revenues &amp; Interfund Transfers</b>	<u>\$ 8,004,781</u>	<u>\$12,462,350</u>

Business Type Activities		Totals	
2004	2003	2004	2003
\$ 4,191,114	\$ 4,111,482	\$5,719,107	\$5,513,471
----	----	899,243	900,548
----	----	414,689	4,611,702
4,191,114	4,111,482	7,033,039	11,025,721
----	----	4,211,593	3,855,974
----	----	13,876	13,078
----	----	684,127	761,931
----	----	88,715	98,024
----	----	----	1,050
12,503	16,349	66,937	38,317
----	----	50,040	163,858
35,824	34,949	36,243	34,949
(80,173)	----	(88,260)	26,817
131,628	87,765	334,367	353,176
135,000	(340,000)	----	----
234,782	(200,937)	5,397,638	5,347,174
<u>\$ 4,425,896</u>	<u>\$ 3,910,545</u>	<u>\$12,430,677</u>	<u>\$16,372,895</u>

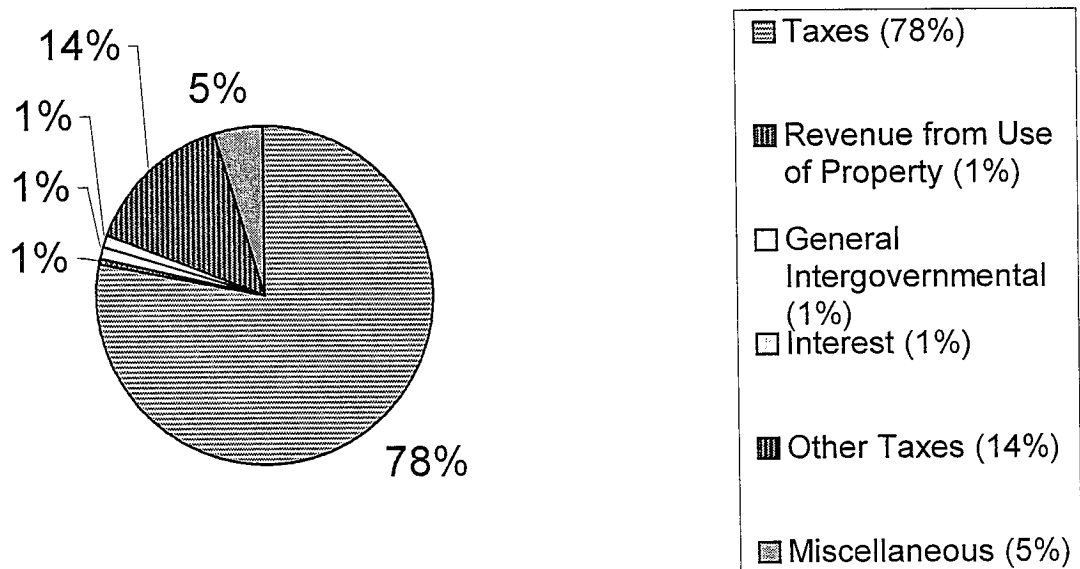
Program revenues totaled \$7,033,039 for fiscal year 2004. Governmental Activities provided \$2,841,925 and Business-Type Activities provided \$4,191,114. Revenue collected for Charges for Services during fiscal year 2004 was \$5,719,107, accounting for 81% of the total program revenues. The following chart breaks down program revenues by source:

**Program Revenues**



General Revenues for fiscal year 2004 totaled \$5,397,638. Governmental Activities provided \$5,162,856 and Business-Type Activities provided \$234,782. Property Tax Revenues for fiscal year 2004 totaled \$4,211,593, accounting for 78% of General Revenues. The following chart breaks down General Revenues by source:

**General Revenues**



Expenditures for Fiscal 2004 totaled \$10,850,136. Expenditures for General Governmental Activities totaled \$7,541,538, accounting for 70% of total expenditures. Business-Type Activity expenditures totaled \$3,308,598, for 30% of the total.

The following table shows total expenses by Function/Program for FY 2004 and FY 2003:

Program Level	General Governmental Activities		Business-Type	
	2004	2003	2004	2003
Public Safety	\$1,853,216	\$1,659,265	\$ ----	\$ ----
Public Works	1,523,467	1,390,078	----	----
Health & Social Services	63,694	60,869	----	----
Culture and Recreation	1,156,628	1,089,260	----	----
Community and Economic Development	670,103	640,232	----	----
General Government	1,549,152	1,421,484	----	----
Debt Service	432,054	320,733	----	----
Capital Projects	293,224	339,132	----	----
Sewer System	----	----	1,634,631	1,586,177
Water System	----	----	1,027,206	968,230
Solid Waste	----	----	371,007	352,454
Golf Course	----	----	275,754	248,173
Total Expenses	<u>\$7,541,538</u>	<u>\$6,921,053</u>	<u>\$ 3,308,598</u>	<u>\$3,155,034</u>

Totals	
2004	2003
\$1,853,216	\$ 1,659,265
1,523,467	1,390,078
63,694	60,869
1,156,628	1,089,260
670,103	640,232
1,549,152	1,421,484
432,054	320,733
293,224	339,132
1,634,631	1,586,177
1,027,206	968,230
371,007	352,454
275,754	248,173
<u>\$10,850,136</u>	<u>\$10,076,087</u>

The following table shows the activities included within each program level:

Program Level	Activity
Public Safety .....	Individual & Community Protection, Physical Health
Public Works .....	Roadway Construction, Airport Operations, Street Lighting, Transportation Services
Culture and Recreation .....	Education & Culture, Leisure Time Opportunities
Community and Economic Development .....	Economic Development, Community Beautification, Planning & Zoning
General Government.....	Administration, Support Services
Debt Service.....	Payment of long-term debt, principal, interest, & other related costs.
Capital Projects .....	Construction of Capital Facilities
Sewer System .....	Operation of the waste water treatment plant
Water System.....	Operation of water treatment plant
Solid Waste .....	Operation of garbage collection and disposal
Golf Course .....	Operation of Golf Course

## Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$1,853,216 and received \$375,636 in revenue, thus leaving a cost to the taxpayer of \$1,477,580 to be funded by various methods. The new format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, Fees
Public Works	Road Use Tax, Rent
Culture and Recreation	Fees, State Aid,
General Government	Licenses, Permits
Capital Projects	Donations, State Grants, Federal Grants

The total cost of governmental activities this year was \$7,541,538. Of these costs, \$1,527,993 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contribution were \$1,313,932, leaving a Net Expense of \$4,699,613 for Governmental Activities. These expenses of \$4,699,613 were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2004	2003
<b>Governmental Activities:</b>		
Public Safety	\$(1,477,580)	\$(1,322,656)
Public Works	( 727,148)	( 630,455)
Health & Social Services	( 63,694)	( 60,869)
Culture and Recreation	( 722,191)	( 745,146)
Community and Economic Development	( 568,303)	( 823,349)
General Government	( 880,514)	( 320,733)
Debt Service	( 432,054)	( 340,084)
Capital Projects	171,871	4,272,746
Total Net (Expense) Revenue		
Governmental Activities	(4,699,613)	( 6,814)
General Revenues & Interfund Transfers	5,162,856	5,548,111
<b>Change in Net Assets</b>	<b>\$ 463,243</b>	<b>\$5,541,297</b>

Total resources available during the year to finance governmental operations were \$23,305,100, consisting of Net Assets at July 1, 2003 of \$15,300,319, Program Revenues of \$2,841,925 and General Revenues of \$5,162,856. Total Governmental Activities during the year expended \$7,541,538; thus, Net Assets were increased by \$463,243, to \$15,763,562.

## Business Type Activities

Business Type Activities increased the City's net assets by \$1,117,298, accounting for 71% of the growth in the City's net assets.

The cost of all Proprietary Activities this year was \$3,308,598. As shown in the Statement of Activities, the amounts paid by users of the systems was \$4,191,114, resulting in total Net Revenue for Business Type Activities of \$882,516. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2004	2003
Sewer System	\$415,034	\$479,668
Water System	461,900	416,161
Solid Waste	7,729	25,841
Golf Course	(2,147)	34,778
Total Net (Expense) Revenue		
Business Type Activities	882,516	956,448
General Revenues & Interfund Transfers	234,782	(200,937)
<b>Change in Net Assets</b>	<b>\$1,117,298</b>	<b>\$ 755,511</b>

Total resources available during the year to finance Proprietary Fund activities were \$18,193,178, consisting of Net Assets at July 1, 2003 of \$13,767,282, Program Revenues of \$4,191,114 and General Revenues of \$234,782. Total Proprietary Fund Activities during the year expended \$3,308,598; thus Net Assets were increased by \$1,117,298, to \$14,884,580.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$1,444,177 (15% unreserved). The combined Governmental Funds balance increased \$891,967 from the prior year.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded revenues in the General Fund by \$185,096. The fund balance of \$489,331 is 10% of expenditures which is below the goal of a fund balance between 15% and 17% of expenditures.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2004 original (adopted) General Fund amount of \$4,626,653 to the final budget amount of \$4,902,853 shows a net increase of \$276,200.

Original Budget	Supplemental Changes	Amended Budget
\$ 4,626,653	\$ 276,200	\$ 4,902,853

The following table shows the General Fund budget variances by program structure:

Expenditures	Amended Budget	Actual	Variance
Public Safety	\$ 1,711,102	\$ 1,675,743	\$ 35,359
Public Works	724,299	676,592	47,707
Culture and Recreation	1,219,424	1,087,925	131,499
Community and Economic Development	234,836	236,913	( 2,077)
General Government	1,013,192	987,244	25,948
Capital Projects	-	343,344	(343,344)
<b>Total Expenditures</b>	<b>\$ 4,902,853</b>	<b>\$ 5,007,761</b>	<b>\$(104,908)</b>

The variance in the Capital projects fund was due to the acquisition and initial development of the C-38 - Lake Avenue land.

## CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2004, was \$23,133,296 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for Fiscal 2004 are as follows:

General Governmental Activities	2004	2003
Land	\$211,640	\$ ----
Infrastructure	1,449,274	1,755,745
Buildings	897,959	1,142,422
Improvements – Other than Buildings	65,259	938,327
Equipment	313,298	427,263
Construction in Progress	1,357,054	880,683
Utility Plant	----	----
Total Gross Additions	<u>\$4,294,484</u>	<u>\$5,144,440</u>

Business Type Activities		Totals	
2004	2003	2004	2003
\$ ----	\$ 908,235	\$ 211,640	\$ 908,235
-----	----	1,449,274	1,755,745
17,275	281,402	915,234	1,423,824
-----	----	65,259	938,327
31,654	----	344,952	427,263
6,887,025	1,128,190	8,244,079	2,008,873
312,966	----	312,966	-----
<u>\$ 7,248,920</u>	<u>\$ 2,317,827</u>	<u>\$ 11,543,404</u>	<u>\$ 7,462,267</u>

Construction in Progress at June 30, 2004 for governmental activities consisted of costs associated with the Holton Drive North Project, the City Hall Remodeling Project, the Airport Layout Improvement Plan, the Airport Runway Extension Project, 9<sup>th</sup> Avenue SW Improvements, and the Wellness Center/ Convention Center Parking Lot Improvements.

For Business-Type Activities, the Construction in progress consisted of costs associated with the waste-water system improvements, the water system improvements, and the Golf Course expansion.

See Note 6 to the financial statements for more information on the City's capital assets.

## DEBT ADMINISTRATION

At year-end the City had \$19,565,479 of debt outstanding. This is an increase of \$8,832,753 from the prior year. This increase is made up of \$3.5 million Water SRF and \$1.88 million of Sewer SRF and a \$5.1 million G.O. issue.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt outstanding to 5% of the assessed value of all taxable property in the community. Thus, our debt capacity is \$17,790,458. With outstanding General Obligation Debt applicable to this limit of \$12,930,000, and a Debt Service fund balance of \$75,254, we are utilizing 72% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.



## **ECONOMIC FACTORS**

The City of Le Mars worked hard in FY 2004 to maintain a positive approach to growth and development. Continued progressive growth in the Le Mars community had a positive effect on the City's unemployment and tax base. The growth in Local Option Sales Tax demonstrates that the Le Mars economy continues to grow.

New housing developments in the city include private development, including water, sewer and paving improvements. The City has worked to market the Westmar buildings helping to create additional apartment facilities. The City is looking forward to new housing surrounding the new holes at the golf course.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 712-546-7018.

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**CITY OF LE MARS, IOWA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Floyd Valley Hospital
	Activities	Activities		
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 854,268	\$ 558,209	\$ 1,412,477	\$ 2,716,082
Investments	131,390	-	131,390	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	91,564	74,308	165,872	1,516,640
Taxes	40,250	-	40,250	-
Subsequent Year Taxes	4,864,410	-	4,864,410	-
Accrued Interest	68	-	68	-
Other	13,051	3,926	16,977	45,425
Estimated Unbilled Usage	-	352,708	352,708	-
Special Assessments	47,081	-	47,081	-
Pledges Receivable	2,444,450	-	2,444,450	-
Notes Receivable	996,015	-	996,015	-
Advances to Other Funds	(229,234)	229,234	-	-
Internal Balances	(498,129)	498,129	-	-
Due from Other Governmental Agencies	226,419	-	226,419	-
Inventories	-	97,975	97,975	233,654
Land Held for Resale	148,263	-	148,263	-
Prepaid Assets	67,457	-	67,457	103,094
Other	-	-	-	370,032
Restricted Assets:				
Cash and Cash Equivalents	-	28,935	28,935	2,716,762
Investments	2,946,801	131,000	3,077,801	3,899,144
Accrued Interest Receivable	-	921	921	3,803
Bond Issue Costs	120,083	206,433	326,516	-
Land	947,037	1,318,661	2,265,698	103,274
Construction in Progress	554,335	8,545,553	9,099,888	2,877,079
Infrastructure, Property and Equipment, Net of Accumulated Depreciation (Note 6)	18,038,294	13,294,895	31,333,189	9,179,014
<b>Total Assets</b>	<b>31,803,873</b>	<b>25,340,887</b>	<b>57,144,760</b>	<b>23,764,003</b>
<b>LIABILITIES</b>				
Accounts Payable	340,909	1,015,963	1,356,872	1,657,489
Accrued Wages and Compensated Absences	154,043	90,843	244,886	713,666
Accrued Expenses	85,646	22,713	108,359	322,504
Deferred Revenue - Subsequent Year Taxes	4,864,410	-	4,864,410	-
Payables from Restricted Assets:				
Customer Deposits	-	14,120	14,120	-
Accrued Revenue Bond Interest	-	2,189	2,189	-
Revenue Bonds - Current	-	320,000	320,000	-
Noncurrent Liabilities:				
Due within one year:				
Revenue Bonds Payable	-	438,000	438,000	595,000
General Obligation Bonds	895,000	80,000	975,000	-
Due in more than one year:				
Revenue Bonds Payable	-	5,877,479	5,877,479	8,121,400
General Obligation Bonds	9,360,000	2,595,000	11,955,000	-
Compensated Absences and Benefits, Long-Term	340,303	-	340,303	-
<b>Total Liabilities</b>	<b>16,040,311</b>	<b>10,456,307</b>	<b>26,496,618</b>	<b>11,410,059</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	9,284,666	13,848,630	23,133,296	4,483,718
Restricted for:				
Debt Service	40,464	-	40,464	2,064,859
Endowments:				
Expendable	26,720	-	26,720	-
Nonexpendable	129,468	-	129,468	-
Unrestricted	6,282,244	1,035,950	7,318,194	5,805,367
<b>Total Net Assets</b>	<b>\$ 15,763,562</b>	<b>\$ 14,884,580</b>	<b>\$ 30,648,142</b>	<b>\$ 12,353,944</b>

**CITY OF LE MARS, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2004**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Public Safety	\$ 1,853,216	\$ 354,177	\$ 21,459	\$ -
Public Works	1,523,467	21,535	774,784	-
Health and Social Services	63,694	-	-	-
Culture and Recreation	1,156,628	431,437	3,000	-
Community and Economic Development	670,103	1,800	100,000	-
General Government	1,549,152	668,638	-	-
Capital Projects	293,224	50,406	-	414,689
Debt Service	432,054	-	-	-
Total governmental activities	<u>7,541,538</u>	<u>1,527,993</u>	<u>899,243</u>	<u>414,689</u>
<b>Business-Type Activities:</b>				
Golf Course	275,754	273,607		
Water System	1,027,206	1,489,106		
Sewer System	1,634,631	2,049,665		
Solid Waste System	371,007	378,736		
Total Business-Type Activities:	<u>3,308,598</u>	<u>4,191,114</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 10,850,136</u>	<u>\$ 5,719,107</u>	<u>\$ 899,243</u>	<u>\$ 414,689</u>
<b>Component Unit:</b>				
Floyd Valley Hospital	\$ 15,564,390	\$ 16,126,599	\$ 6,036	\$ 24,884

General Revenues:  
Property taxes  
Other taxes  
Local Option Sales Tax  
Hotel/Motel Taxes  
Interest  
General Intergovernmental Revenues  
Use of property  
Gain (Loss) on Sale of Assets  
Miscellaneous  
Interfund Transfers  
Total general revenues and transfers  
Change in net assets  
Net assets - beginning  
Net assets - ending

Net (Expense) Revenue and Changes in Net Assets			Component Unit Floyd Valley Hospital
Governmental Activities	Business-Type Activities	Total	
\$ (1,477,580)		\$ (1,477,580)	
(727,148)		(727,148)	
(63,694)		(63,694)	
(722,191)		(722,191)	
(568,303)		(568,303)	
(880,514)		(880,514)	
171,871		171,871	
(432,054)		(432,054)	
<u>(4,699,613)</u>		<u>(4,699,613)</u>	
	\$ (2,147)	(2,147)	
	461,900	461,900	
	415,034	415,034	
	7,729	7,729	
	<u>882,516</u>	<u>882,516</u>	
<u>(4,699,613)</u>	<u>882,516</u>	<u>(3,817,097)</u>	
			\$ 593,129
4,211,593	-	4,211,593	-
13,876	-	13,876	-
684,127	-	684,127	-
88,715	-	88,715	-
54,434	12,503	66,937	136,416
50,040	-	50,040	-
419	35,824	36,243	-
(8,087)	(80,173)	(88,260)	160
202,739	131,628	334,367	70,750
(135,000)	135,000	-	-
<u>5,162,856</u>	<u>234,782</u>	<u>5,397,638</u>	<u>207,326</u>
463,243	1,117,298	1,580,541	800,455
15,300,319	13,767,282	29,067,601	11,553,489
<u>\$ 15,763,562</u>	<u>\$ 14,884,580</u>	<u>\$ 30,648,142</u>	<u>\$ 12,353,944</u>

**CITY OF LE MARS, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**JUNE 30, 2004**

	General	TIF	Road Use Tax
<b>Assets</b>			
Cash and Pooled Investments	\$ 100,964	\$ -	\$ 11,952
Investments	1,922	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	91,564	-	-
Taxes	13,552	21,400	-
Subsequent Year Taxes	2,234,584	1,640,963	-
Accrued Interest	68	-	-
Other	13,051	-	-
Special Assessments	31,716	-	-
Pledges Receivable	-	-	-
Notes Receivable	-	-	-
Advances to Other Funds	-	-	2,618
Due from Other Funds	560,000	-	780,000
Due from Other Governmental Agencies	2,677	-	62,015
Land Held for Resale	148,263	-	-
Prepaid Assets	3,800	-	-
Restricted Assets:			
Investments	-	-	-
<b>Total Assets</b>	<b>3,202,161</b>	<b>1,662,363</b>	<b>856,585</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	61,251	-	5,816
Accrued Wages and Compensated Absences	153,560	-	-
Due to Other Funds	-	-	-
Unearned Revenue	31,583	16,876	-
Deferred Revenue - Subsequent Year Taxes	2,234,584	1,640,963	-
General Obligation Bonds	-	-	-
Advance from Other Funds	231,852	-	-
<b>Total Liabilities</b>	<b>2,712,830</b>	<b>1,657,839</b>	<b>5,816</b>
<b>Fund Balances:</b>			
<b>Reserved for:</b>			
Debt Service	-	-	-
Advances	-	-	2,618
Perpetual Care	-	-	-
Tree Farm	-	-	-
Long-term Notes	-	-	-
<b>Unreserved</b>	<b>489,331</b>	<b>4,524</b>	<b>848,151</b>
<b>Total Fund Balances (Deficits)</b>	<b>489,331</b>	<b>4,524</b>	<b>850,769</b>
<b>Total Liabilities and Equity</b>	<b>\$ 3,202,161</b>	<b>\$ 1,662,363</b>	<b>\$ 856,585</b>

Local Option Sales Tax	Debt Service	Capital Project Community Betterment	Other Governmental Funds	Total Governmental Funds
\$ 56,897	\$ 25,179	\$ 31,439	\$ 313,943	\$ 540,374
-	-	-	129,468	131,390
-	-	-	-	91,564
-	3,274	-	2,024	40,250
-	579,713	-	409,150	4,864,410
-	-	-	-	68
-	-	-	-	13,051
-	-	-	15,365	47,081
-	-	2,550,450	-	2,550,450
-	-	-	996,015	996,015
-	-	-	-	2,618
-	-	1,760,000	-	3,100,000
129,686	-	-	32,041	226,419
-	-	-	-	148,263
-	-	-	-	3,800
-	2,946,801	-	-	2,946,801
186,583	3,554,967	4,341,889	1,898,006	15,702,554
33,085	-	-	240,757	340,909
-	-	-	483	154,043
-	-	-	3,598,129	3,598,129
-	-	2,120,575	-	2,169,034
-	579,713	-	409,150	4,864,410
-	2,900,000	-	-	2,900,000
-	-	-	-	231,852
33,085	3,479,713	2,120,575	4,248,519	14,258,377
-	75,254	-	-	75,254
-	-	-	-	2,618
-	-	-	129,468	129,468
-	-	-	26,720	26,720
-	-	-	996,015	996,015
153,498	-	2,221,314	(3,502,716)	214,102
153,498	75,254	2,221,314	(2,350,513)	1,444,177
\$ 186,583	\$ 3,554,967	\$ 4,341,889	\$ 1,898,006	\$ 15,702,554

**CITY OF LE MARS, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**For the Year Ended June 30, 2004**

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Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 34)	\$ 1,444,177
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds	19,539,666
Internal service funds are used by management to fund and maintain the City's health insurance provided to user departments and are included in the statement of net assets.	263,038
Deferred revenues that provide current financial resources for governmental activities	2,169,034
Estimated uncollectible on pledges receivable extending beyond one year.	(106,000)
Accrued expenses from the balance sheet that require current financial resources for governmental activities	(34,790)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	120,083
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources	63,657
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(7,695,303)</u>
Total Net Assets - Governmental Activities (page 30)	<u><u>\$ 15,763,562</u></u>



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**CITY OF LE MARS, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**Year Ended June 30, 2004**

	General	TIF	Road Use Tax
Revenue:			
Taxes	\$ 2,153,439	\$ 1,157,766	\$ -
Licenses and Permits	140,641	-	-
Intergovernmental Revenue	213,527	-	774,784
Charges for Services	434,420	-	-
Fines and Forfeits	18,600	-	-
Contributions	30,274	-	-
Refunds/Reimbursements	35,130	-	-
Rental Income	295,206	-	-
Proceeds from Sale of Assets	-	-	-
Interest	10,969	3,861	-
Miscellaneous	8,561	-	-
Total Revenue	3,340,767	1,161,627	774,784
Expenditures:			
Public Safety	1,688,920	-	-
Public Works	731,208	-	5,708
Health and Social Services	-	-	-
Culture and Recreation	1,057,945	-	-
Community and Economic Development	227,921	-	-
General Government	967,978	-	-
Capital Outlay	195,081	-	73,218
Debt Service	-	-	-
Total Expenditures	4,869,053	-	78,926
Excess (deficiency) of revenues over expenditures	(1,528,286)	1,161,627	695,858
Other financing sources (uses):			
Issuance of Debt	-	-	-
Advanced Refunding of Long-Term Debt	-	-	-
Transfers In	1,541,000	-	-
Transfers Out	(197,810)	(1,159,684)	(400,000)
Total other financing sources (uses)	1,343,190	(1,159,684)	(400,000)
Net Change in Fund Balance	(185,096)	1,943	295,858
Fund balances-beginning of year	674,427	2,581	554,911
Fund balances- end of year	\$ 489,331	\$ 4,524	\$ 850,769

Local Option Sales Tax	Debt Service	Capital Project Community Betterment	Other Governmental Funds	Total Governmental Funds
\$ 684,127	\$ 578,746	\$ -	\$ 419,332	\$ 4,993,410
-	-	-	400	141,041
-	-	-	25,783	1,014,094
-	-	-	2,215	436,635
-	-	-	-	18,600
-	-	431,464	8,014	469,752
1,414	-	-	119,083	155,627
-	-	-	1,450	296,656
-	-	-	22,705	22,705
2,449	23,609	10,933	1,162	52,983
-	-	-	518	9,079
687,990	602,355	442,397	600,662	7,610,582
-	-	-	137,341	1,826,261
-	-	-	-	736,916
-	-	-	63,694	63,694
-	-	-	700	1,058,645
-	-	-	229,283	457,204
-	-	-	14,096	982,074
745,088	-	5,707	1,166,728	2,185,822
-	1,302,940	31,610	758,449	2,092,999
745,088	1,302,940	37,317	2,370,291	9,403,615
(57,098)	(700,585)	405,080	(1,769,629)	(1,793,033)
-	3,015,000	2,105,000	600,000	5,720,000
-	(2,900,000)	-	-	(2,900,000)
-	631,603	17,500	841,396	3,031,499
(470,697)	-	(852,466)	(85,842)	(3,166,499)
(470,697)	746,603	1,270,034	1,355,554	2,685,000
(527,795)	46,018	1,675,114	(414,075)	891,967
681,293	29,236	546,200	(1,936,438)	552,210
\$ 153,498	\$ 75,254	\$ 2,221,314	\$ (2,350,513)	\$ 1,444,177

**CITY OF LE MARS, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2004**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 37)	\$ 891,967
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 2,284,157	
Depreciation expense	<u>(1,531,716)</u>	752,441

When trading fixed assets with remaining basis, this amount of remaining basis is added to the boot paid for the newly acquired asset and the new asset is recorded at the net amount. The remaining basis is reported in the statement of activities with the boot paid, however this amount of remaining basis does not consume current financial resources and is not reported in the funds:	(14,167)
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Governmental funds report the proceeds from the sale of fixed assets as revenue whereas the statement of activities reports the gain on the sale of fixed assets. This is the effect on the change in net assets on the statement of activities:	(27,732)
--	----------

Revenues reported in the funds that are not available to provide current financial resources:	(8,974)
---	---------

Capital contributions reported in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds:	(104,181)
--	-----------

Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources:	10,968
--	--------

Accrued interest expense that does not require current financial resources:	1,455
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Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in in the long-term compensated absences for the year was:	(86,166)
---	----------

Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and for the maintenance, repair, and replacement of the City's automotive equipment and are included in the statement of net assets. The net revenue of the internal service funds is reported with governmental activities:	208,143
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The issuance of indebtedness provides current financial resources to the governmental funds without affecting net assets. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was:	(5,720,000)
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The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities:	62,489
--	--------

G.O. Corporate Purpose Crossover Advance Refunding Notes were issued to retire the 1996A G.O. Corporate Purpose Notes on June 1, 2005.	2,900,000
--	-----------

The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:	<u>1,597,000</u>
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Change in net assets of governmental activities (page 32)	<u>\$ 463,243</u>
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**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF NET ASSETS**  
**Proprietary Funds**  
**June 30, 2004**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 161,677	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	31,614	28,101
Other	1,518	2,408
Estimated Unbilled Usage	131,170	197,872
Advances to Other Funds	96,364	370,884
Due from Other Funds	572,347	-
Inventories	97,975	-
Total Current Assets	<u>1,092,665</u>	<u>599,265</u>
Noncurrent Assets		
Restricted Assets:		
Cash and Cash Equivalents	-	28,935
Investments	-	131,000
Accrued Interest Receivable	-	921
Bond Issue Costs	79,388	127,045
Land	174,357	843,418
Construction in Progress	3,765,041	4,191,857
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>5,251,694</u>	<u>7,532,676</u>
Total Noncurrent Assets	<u>9,270,480</u>	<u>12,855,852</u>
<b>Total Assets</b>	<u>10,363,145</u>	<u>13,455,117</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	371,827	543,541
Accrued Wages and Compensated Absences	45,099	45,744
Accrued Expenses	10,565	12,148
Due to Other Funds	-	-
Advance from Other Funds	-	-
Payables from Restricted Assets:		
Customer Deposits	14,120	-
Accrued Revenue Bond Interest	-	2,189
Revenue Bonds - Current	-	320,000
Revenue Bonds Payable- Current	283,000	155,000
General Obligation Bonds- Current	-	80,000
Total Current Liabilities	<u>724,611</u>	<u>1,158,622</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	3,833,242	2,044,237
General Obligation Bonds	-	2,595,000
Total Noncurrent Liabilities	<u>3,833,242</u>	<u>4,639,237</u>
<b>Total Liabilities</b>	<u>4,557,853</u>	<u>5,797,859</u>
<b>NET ASSETS</b>		
Invested in Capital Assets,		
Net of Related Debt	5,074,850	7,373,714
Unrestricted	730,442	283,544
Total Net Assets	<u>\$ 5,805,292</u>	<u>\$ 7,657,258</u>

Business Type Activities		Business Type Activities		Governmental Activities	
Nonmajor Enterprise Funds	Total	Internal Service		Internal Service	
\$ 143,131	\$ 304,808	\$ 253,401		\$ 313,894	
14,593	74,308	-		-	
-	3,926	-		-	
23,666	352,708	-		-	
15,387	482,635	-		-	
-	572,347	-		-	
-	97,975	-		-	
196,777	1,888,707	253,401		313,894	
-	28,935	-		-	
-	131,000	-		-	
-	921	-		-	
-	206,433	-		-	
300,886	1,318,661	-		-	
588,655	8,545,553	-		-	
510,525	13,294,895	-		-	
1,400,066	23,526,398	-		-	
1,596,843	25,415,105	253,401		313,894	
100,595	1,015,963	-		-	
-	90,843	-		-	
-	22,713	-		50,856	
74,218	74,218	-		-	
-	-	253,401		-	
-	14,120	-		-	
-	2,189	-		-	
-	320,000	-		-	
-	438,000	-		-	
-	80,000	-		-	
174,813	2,058,046	253,401		50,856	
-	5,877,479	-		-	
-	2,595,000	-		-	
-	8,472,479	-		-	
174,813	10,530,525	253,401		50,856	
1,400,066	13,848,630	-		-	
21,964	1,035,950	-		263,038	
\$ 1,422,030	\$ 14,884,580	\$ -		\$ 263,038	

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Proprietary Funds**  
**For the Year Ended June 30, 2004**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>Operating Revenues:</b>		
Charges for Services	\$ 1,489,106	\$ 2,049,665
<b>Total Operating Revenue</b>	<u>1,489,106</u>	<u>2,049,665</u>
<b>Operating Expenses:</b>		
Employee Services	365,432	583,954
Contract Services	27,515	73,433
Supplies	97,531	96,807
Repairs and Improvements	34,610	57,719
Utilities	123,335	132,687
Miscellaneous	10,900	11,601
Bad Debt Expense	-	5,627
Depreciation	274,287	493,056
Amortization	3,613	13,339
<b>Total Operating Expenses</b>	<u>937,223</u>	<u>1,468,223</u>
<b>Operating Income</b>	551,883	581,442
<b>Non-Operating Income (Expense):</b>		
Interest Income	3,776	8,283
Gain/(Loss) on Sale of Assets	(80,173)	-
Revenue from Use of Property	35,824	-
Other Non-operating Revenues	37,332	17,639
Interest Expense	(89,983)	(166,408)
<b>Total Non-Operating Income (Expenses)</b>	<u>(93,224)</u>	<u>(140,486)</u>
<b>Income Before Contributions and Transfers</b>	458,659	440,956
<b>Contributed Capital Revenue</b>	40,681	35,166
<b>Transfers In/(Out)</b>	<u>(134,500)</u>	<u>(187,500)</u>
<b>Change in Net Assets</b>	364,840	288,622
<b>Net Assets - Beginning</b>	<u>5,440,452</u>	<u>7,368,636</u>
<b>Net Assets - Ending</b>	<u>\$ 5,805,292</u>	<u>\$ 7,657,258</u>



Business Type Activities		Business Type	Governmental
Nonmajor		Activities	Activities
Enterprise		Internal	Internal
Funds	Total	Service	Service
\$ 652,343	\$ 4,191,114	\$ -	\$ 668,638
652,343	4,191,114		668,638
28,908	978,294	-	-
473,351	574,299	-	-
46,666	241,004	-	-
13,237	105,566	-	-
13,628	269,650	-	-
17,381	39,882	-	461,946
2,183	7,810	-	-
51,407	818,750	-	-
-	16,952	-	-
646,761	3,052,207	-	461,946
5,582	1,138,907		206,692
444	12,503	-	1,451
-	(80,173)	-	-
-	35,824	-	-
810	55,781	-	-
-	(256,391)	-	-
1,254	(232,456)	-	1,451
6,836	906,451	-	208,143
-	75,847	-	-
457,000	135,000	-	-
463,836	1,117,298	-	208,143
958,194	13,767,282	-	54,895
\$ 1,422,030	\$ 14,884,580	\$ -	\$ 263,038

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended June 30, 2004**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 1,484,388	\$ 2,049,515
Cash Paid to Suppliers for Goods and Services	(173,949)	(281,594)
Cash Paid to Employees for Services	(364,548)	(571,327)
Other Nonoperating Income	73,156	17,639
Net Cash Provided by Operating Activities	<u>1,019,047</u>	<u>1,214,233</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(3,269,036)	(2,713,432)
Proceeds from Asset Sales	7,177	-
Proceeds from Bond Sales	3,478,816	1,876,525
Bond Issuance Costs	(63,000)	(79,000)
Principal Paid on Notes and Bonds	(272,000)	(380,000)
Interest Paid on Notes and Bonds	(89,983)	(167,323)
Net Cash (Used) for Capital and Related Financing Activities	<u>(208,026)</u>	<u>(1,463,230)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Operating Transfers From (To) Other Funds	(134,500)	(187,500)
Advances From (To) Other Funds	7,290	(29,088)
Due From (To) Other Funds	(525,910)	456,738
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>(653,120)</u>	<u>240,150</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends on Investments	<u>3,776</u>	<u>8,793</u>
Net Cash Provided from Investing Activities	3,776	8,793
Net Increase (Decrease) in Cash and Cash Equivalents	161,677	(54)
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>28,989</u>
Cash and Cash Equivalents at End of Year	<u>\$ 161,677</u>	<u>\$ 28,935</u>

Business Type Activities		Business Type	Governmental
Nonmajor		Activities	Activities
Enterprise		Internal	Internal
Funds	Total	Service	Service
\$ 657,751	\$ 4,191,654	\$ -	\$ 668,638
(583,257)	(1,038,800)	-	(463,418)
-	(935,875)	-	-
810	91,605	-	-
75,304	2,308,584	-	205,220
(527,754)	(6,510,222)	-	-
-	7,177	-	-
-	5,355,341	-	-
-	(142,000)	-	-
-	(652,000)	-	-
-	(257,306)	-	-
(527,754)	(2,199,010)	-	-
457,000	135,000	-	-
21,603	(195)	(62,059)	-
116,534	47,362	315,460	107,223
595,137	182,167	253,401	107,223
444	13,013	-	1,451
444	13,013	-	1,451
143,131	304,754	253,401	313,894
-	28,989	-	-
\$ 143,131	\$ 333,743	\$ 253,401	\$ 313,894

(Continued)

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2004**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$ 551,883	\$ 581,442
<b>Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation	274,287	493,056
Amortization	3,613	13,339
Bad Debt Expense	-	5,627
Miscellaneous Non-Operating Income	73,156	17,639
(Increase) Decrease in Assets:		
Accounts Receivable	2,400	(2,961)
Estimated Unbilled Usage	(7,118)	726
Due From Other Governments	-	2,085
Inventories	(17,297)	-
Increase (Decrease) in Liabilities		
Accounts Payable	127,029	100,990
Accrued Wages and Compensated Absences	884	12,627
Accrued Expenses	7,934	(10,337)
Customer Deposits	2,276	-
Total Adjustments	467,164	632,791
Net Cash Provided by Operating Activities	\$ 1,019,047	\$ 1,214,233

**Supplemental Schedule of Noncash Capital and Related Financing Activities:**

Contributed Capital	\$ 40,681	\$ 35,166
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**Reconciliation of Cash and Cash Equivalents to the Balance Sheet:**

Cash and Cash Equivalents	\$ 161,677	\$ -
Restricted Cash and Cash Equivalents	-	28,935
	\$ 161,677	\$ 28,935

Nonmajor Enterprise Funds	Total	Business Type Activities	Governmental Activities
		Internal Service	Internal Service
\$ 5,582	\$ 1,138,907	\$ -	\$ 206,692
51,407	818,750	-	-
	16,952	-	-
2,183	7,810	-	-
810	91,605	-	-
2,451	1,890	-	-
2,957	(3,435)	-	-
-	2,085	-	-
-	(17,297)	-	-
9,914	237,933	-	-
-	13,511	-	-
-	(2,403)	-	(1,472)
-	2,276	-	-
69,722	1,169,677	-	(1,472)
\$ 75,304	\$ 2,308,584	\$ -	\$ 205,220
\$ -	\$ 75,847	\$ -	\$ -
\$ 143,131	\$ 304,808	\$ 253,401	\$ 313,894
-	28,935	-	-
\$ 143,131	\$ 333,743	\$ 253,401	\$ 313,894

**CITY OF LE MARS, IOWA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**Agency Funds**  
**June 30, 2004**

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**ASSETS**

Cash and Pooled Investments	\$	75,082
<b>Total Assets</b>		<u>75,082</u>

**LIABILITIES**

Accounts Payable		74,332
Due to Other Governments		<u>750</u>
<b>Total Liabilities</b>		<u>75,082</u>

**NET ASSETS**

Unrestricted		<u>-</u>
<b>Total Net Assets</b>	\$	<u><u>-</u></u>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Le Mars, Iowa is a political subdivision of the State of Iowa located in Plymouth County, and was incorporated in 1881, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Mayor-Council form of government with an appointed administrator and finance director and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also has municipal water and sewer utility systems, which are governed by the City Council.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. The more significant accounting policies established in GAAP and used by the City are discussed below.

**A. Reporting Entity**

For financial reporting purposes, the City of Le Mars, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements present the City of Le Mars, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. Complete financial statements of the individual component unit, which issued separate financial statements as noted below, can be obtained from its respective administrative office.

Discretely Presented Component Unit - The City established a municipal hospital, Floyd Valley Hospital, in 1966. The hospital's financial data is reported in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City. The Hospital is financially accountable to the City and its operating budget is subject to the approval of the City Council.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Jointly Governed Organizations - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Plymouth County Assessors' Conference Board, Plymouth County Area Solid Waste Agency, Plymouth County Emergency Management Commission, Plymouth County Joint E911 Service Board, and the Highway 60 Commission.

**B. Basic Financial Statements-Government-Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, capital projects and permanent funds are classified as governmental activities. The City's health insurance internal service fund is classified as a governmental-type activity and the City's equipment revolving internal service fund is classified as a business-type activity.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first uses restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, health and social services, culture and recreation, community and economic development, general government, etc.) and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenue, operating grants, and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year activities.



**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Fund Accounting**

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City electively added funds, as major funds, which had a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

The City reports the following major governmental funds:

**Governmental Fund Types** – The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.

- 2) Special Revenue Funds

The TIF (Tax Incremental Financing Fund) is used to account for property taxes received to be expended for sewer collection and wastewater treatment improvements.

The Road Use Tax Fund is used to account for the operation of street maintenance and construction financed by allocations of state fuel taxes.

The Local Option Sales Tax Fund is used to account for the collection of a 1% local option sales tax to be expended for Capital Improvement/Community Betterment Projects.

- 3) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**4) Capital Project Funds**

The Community Betterment Fund is used to account for the construction of capital assets related to the City's Community Betterment Program financed partially through individual contributions.

**Proprietary Fund Types** – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

- 1) Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

- 2) Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis.

The City's internal service funds are presented in the proprietary fund financial statements.

Health Insurance – To account for the funding and maintenance of the City's self-funded health insurance provided to City employees. Since the principal users of this internal service are the City's governmental activities, the financial statements of the health insurance internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Equipment Revolving – To account for the accumulation of resources from various funds of the City to be used for the purchase of equipment. Since the principal users of this internal service are the City's business-type activities, the financial statements of the equipment revolving internal service fund are consolidated into the business-type column when presented in the government-wide financial statements.

**Fiduciary Fund Types** – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The City has the following agency funds:

Flex Account- This agency fund is used to account for the City cafeteria plan funds.

Payroll Clearing- This fund is used to account for the accumulation of funds and related expenses concerning the City's payroll.

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

**E. Budgets**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2004, disbursements exceeded the amount budgeted in the public safety function.

CITY OF LE MARS, IOWA  
Notes to Financial Statements  
June 30, 2004

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**F. Cash And Cash Equivalents And Investments**

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

**1) Cash and Cash Equivalents**

Includes investments with original maturities of three months or less.

**2) Investments**

The City and its component unit use the following methods in determining the reported amounts.

<u>City</u>	<u>Type</u>	<u>Method</u>
Nonnegotiable Certificates of Deposit		Cost
<u>Component Unit</u>		
Certificates of Deposit		Cost
U.S. Treasury Notes, State & Local Government Series		Fair Value Determined Based on Quoted Market Price
Iowa Public Agency Investment Trust		Fair Value Determined By Current Share Prices
Debt Securities		
Negotiable Certificates of Deposit		
Maturity of one year or less when purchased		Amortized Cost
Maturity of more than one year when purchased		Fair Value Based on Quoted Market Price

**G. Property Tax Receivable**

Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2002. Any county collections on the 2003-2004 tax levy remitted to the City within 60 days subsequent to June 30, 2004, are recorded as property tax revenue.

**H. Short-Term Interfund Receivables/Payables**

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2004, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

**I. Inventories**

Inventories of the proprietary fund types are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. The inventory amounts are not material and therefore not recorded on the balance sheet.

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2004 are recorded as prepaid items.

**K. Restricted Assets**

Revenue bond ordinances require the City to reserve certain cash and investments to provide for payment of bonds and interest, for protection of bondholders, and for extension and improvement of facilities. These balances are separately disclosed in the Enterprise Funds.

**L. Property and Equipment**

Assets with an initial individual cost of \$1,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Buildings	39 – 50 Years
Utility Plant	20 – 33 Years
Machinery & Equipment	3 - 20 Years
Infrastructure	15 – 70 Years

**M. Compensated Absences**

Vested or accumulated vacation leave including related employee benefits that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave including related employee benefits that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements. The general fund has been used in prior years to liquidate the liability for compensated absences. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

**N. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**O. Fund Equity**

Reserves represent those portions of fund equity legally segregated for a specific future use.

**P. Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

**Q. Landfill Closure Costs**

The City is part of an Iowa Code Section 28F agreement with the Plymouth County Solid Waste Agency and, therefore, not required to account for landfill post closure costs.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The City's deposits at June 30, 2004, were entirely covered by Federal Depository Insurance collateralized with securities or letters of credit held by the City or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligation of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts.

Deposits at June 30, 2004, are shown below:

	<b>Primary Government</b>	<b>Component Unit</b>	<b>Fair Value</b>	<b>Bank Balance</b>
Demand Deposits	\$(1,043,239)	\$5,432,844	\$ 4,389,605	\$ 5,447,723
Savings Deposits	2,484,652	-	2,484,652	2,484,653
U.S. government securities	2,946,801	-	2,946,801	2,946,801
Time Deposits	262,389	3,899,144	4,161,533	4,161,533
	<u>\$ 4,650,603</u>	<u>\$9,331,988</u>	<u>\$13,982,591</u>	<u>\$15,040,710</u>

The primary government's investments and the component unit's investments are categorized to give an indication of the level of risk assumed by the City and component unit at year-end. At June 30, 2004, the City's investments and component unit's investments are in a category characterized as investments that are insured or registered or for which the securities are held by the City or the component unit or its agent in the City's or component unit's name. The City held \$2,946,801 of U.S. government securities purchased with the proceeds of the G.O. bonds issued for the advance refunding of the 1996 G.O. Notes. These securities are being held in an escrow account by the Bankers Trust Company until the refunding has been completed. As shown above, these securities are recorded at fair value. No other investments were held by the City or its component unit at June 30, 2004.

There were no significant changes in investments held during the fiscal year ended June 30, 2004.

**Note 3 - RECEIVABLES**

Receivables at June 30, 2004 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$32,035 at June 30, 2004. The component unit had an allowance for uncollectibles of \$1,513,586 at June 30, 2004.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 4 - DUE FROM OTHER GOVERNMENTS**

At June 30, 2004, amounts due from other governments were as follows:

Due from the Iowa Department of Transportation for road use tax allocations	\$ 62,014
Due from the Iowa Department of Transportation for construction projects	7,225
Due from the State of Iowa for local option sales taxes	129,687
Due from the State of Iowa for hotel and motel sales taxes	24,816
Due from the State of Iowa for miscellaneous grants	2,677
Total Due from Other Governments	<u>\$ 226,419</u>

**Note 5 - INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2004, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 560,000
Special Revenue – Road Use Tax	Nonmajor Governmental Funds	780,000
Capital Project – Community Betterment	Nonmajor Governmental Funds	1,760,000
Proprietary Fund – Water	Nonmajor Governmental Funds	498,129
Proprietary Fund – Water	Nonmajor Proprietary Funds	74,218
		<u>\$ 3,672,347</u>

As of June 30, 2004 long-term advances were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Internal Service – Equipment Revolving	General	\$ 231,852
Special Revenue – Road Use Tax	Internal Service – Equipment Revolving	2,618
Proprietary Fund – Sewer	Internal Service – Equipment Revolving	370,884
Proprietary Fund – Water	Internal Service – Equipment Revolving	96,364
Nonmajor Proprietary Funds	Internal Service – Equipment Revolving	15,387
		<u>\$ 485,253</u>



**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 6 - CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

**Primary Government**

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 754,604	\$ 211,640	\$ 19,207	\$ 947,037
Construction in Progress	932,764	1,357,054	1,735,483	554,335
Total capital assets not being depreciated	1,687,368	1,568,694	1,754,690	1,501,372
Capital assets being depreciated:				
Buildings	6,901,423	897,959	-	7,799,382
Improvements	2,875,594	65,259	-	2,940,853
Equipment	3,654,538	313,298	70,833	3,897,003
Equity in Le Mars Communications	136,841	-	8,525	128,316
Infrastructure	16,434,515	1,449,274	-	17,883,789
Total capital assets being depreciated	30,002,911	2,725,790	79,358	32,649,343
Less: Accumulated Depreciation for:				
Buildings	2,887,624	336,374	-	3,223,998
Improvements	1,707,407	101,416	-	1,808,823
Equipment	2,899,282	355,158	56,666	3,197,774
Infrastructure	5,641,686	738,768	-	6,380,454
Total Accumulated Depreciation	13,135,999	1,531,716	56,666	14,611,049
Total capital assets being depreciated, net	16,866,912	1,194,072	22,690	18,038,294
Governmental activities capital assets, net	\$ 18,554,280	\$ 2,762,768	\$ 1,777,382	\$ 19,539,666

Construction in progress at June 30, 2004, for the governmental activities consisted of costs associated with the Holton Drive North Project, the City Hall Remodeling Project, the Airport Layout Improvement Plan, the Airport Runway Extension Project, 9<sup>th</sup> Avenue SW Improvements, and the Wellness Center/Convention Center Parking Lot Improvements.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 6 - CAPITAL ASSETS – (Continued)**

	Balance July 1, 2003	Reclassi- fication	Additions	Deletions	Balance June 30, 2004
<b>Business-Type Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 1,327,410		-	\$ 8,749	\$ 1,318,661
Construction in Progress	1,658,528		\$ 6,887,025	-	8,545,553
Total capital assets not being depreciated	2,985,938		6,887,025	8,749	9,864,214
Capital assets being depreciated:					
Buildings	155,676		17,275	-	172,951
Improvements	523,786			-	523,786
Equipment	596,987	\$ 42,318	31,654	-	670,959
Utility Plant	21,590,269	(42,318)	312,966	128,327	21,732,590
Total capital assets being depreciated	22,866,718		361,895	128,327	23,100,286
Less: Accumulated Depreciation	9,036,367		818,750	49,726	9,805,391
Total capital assets being depreciated, net	13,830,351		(456,855)	78,601	13,294,895
Business-type activities capital assets, net	\$ 16,816,289	\$ -	\$ 6,430,170	\$ 87,350	\$23,159,109

Construction in progress at June 30, 2004 consisted of costs associated with the wastewater system improvements, the water system improvements, and the new nine holes at the golf course.

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
Public Safety	\$ 221,429
Public Works	862,425
Culture and Recreation	137,652
Community and Economic Development	247,225
General Government	62,985
Total depreciation expense – governmental activities	<u>\$ 1,531,716</u>
<b>Business-Type Activities:</b>	
Water	\$ 274,287
Sewer	493,056
Golf Course	51,407
Total depreciation expense – business-type activities	<u>\$ 818,750</u>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
June 30, 2004

**Note 6 - CAPITAL ASSETS – (Continued)**

A summary of changes in capital assets for the discretely presented component unit is as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
<b>Component Unit:</b>				
Capital assets not being depreciated:				
Land	\$ 103,274	-	-	\$ 103,274
Construction in Progress	555,864	\$ 3,079,850	\$ 758,635	2,877,079
Total capital assets not being depreciated	659,138	3,079,850	758,635	2,980,353
Capital assets being depreciated:				
Land Improvements	527,221	-	-	527,221
Buildings and Fixed Equipment	9,154,991	286,053	-	9,441,044
Major Movable Equipment	4,619,441	855,893	638,724	4,836,610
Land and Buildings Leased to Others	2,951,826	3,471	-	2,955,297
Total capital assets being depreciated	17,253,479	1,145,417	638,724	17,760,172
Less: Accumulated Depreciation	8,052,595	967,918	439,355	8,581,158
Total capital assets being depreciated, net	9,200,884	177,499	199,369	9,179,014
Component unit capital assets, net	\$ 9,860,022	\$ 3,257,349	\$ 958,004	\$ 12,159,367

**Reconciliation of Investment in Capital Assets:**

	Governmental Activities	Business-Type Activities	Component Unit
Land	\$ 947,037	\$ 1,318,661	\$ 103,274
Construction in Progress	554,335	8,545,553	2,877,079
Capital Assets (net of accumulated depreciation)	18,038,294	13,294,895	9,179,014
Less: General Obligation Bonds Payable	10,255,000	2,675,000	-
Notes Payable	-	-	-
Revenue Bonds	-	6,635,479	7,675,649
Capital Lease	-	-	-
Investment in Capital Assets, Net of Related Debt	\$ 9,284,666	\$ 13,848,630	\$ 4,483,718

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Note 7 - LONG-TERM DEBT**

**Notes Payable**

The City had a Rural Economic Development Loan that passed through to the Northwest Rural Electric Cooperative. The interest rate on this loan was 5% and was unsecured. The total balance outstanding on this note at June 30, 2003 was \$132,000. This note was paid off in the current year.

On August 14, 2003 the City borrowed \$200,000 each from three local banking institutions as short term operating notes. On June 30, 2004 these notes were retired, paying total principal of \$600,000 and total interest on the transaction of \$19,849. The two funds receiving these funds and subsequently retiring the debt were the Killeas Industrial Park fund and the CDBG/Weidler Renovation fund.

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for both governmental and business-type activities. These bonds are direct obligations and pledge the full faith and credit of the City.

The City issued one new bond during 2004:

On December 1, 2003, the City sold \$5,200,000 general obligation corporate purpose notes with an average interest rate of 3.4% and an average life of 4.9 years. The bonds were sold to Ruan Securities for \$5,056,000 and the proceeds were used to finance the refunding of 1996A notes, Community Wellness Center renovations, the golf course expansion, and the golf course clubhouse renovations.

General obligation bonds outstanding as of June 30, 2004 are as follows:

<b><u>Purpose</u></b>	<b><u>Interest Rates</u></b>	<b><u>Amounts</u></b>
Governmental Activities	1.9-5.90%	\$ 10,120,000
Governmental Activities – Refunding	3.35-4.60%	135,000
Business-Type Activities	1.9-5.60%	2,675,000
		<u>\$ 12,930,000</u>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 7 - LONG-TERM DEBT – (Continued)**

Annual debt service requirements to maturity for general obligation bonds are as follows:

<b>Year Ending June 30,</b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2005	\$ 895,000	\$ 424,438	\$ 80,000	\$ 125,905
2006	1,155,000	389,050	75,000	123,670
2007	1,415,000	344,868	145,000	121,345
2008	1,465,000	290,892	150,000	115,735
2009	1,490,000	231,710	1,070,000	456,158
2010-2014	3,660,000	322,870	1,155,000	164,770
2015-2018	175,000	12,063	-	-
Total	\$ 10,255,000	\$ 2,015,891	\$ 2,675,000	\$ 1,107,583

**Revenue Bonds**

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service. During the current year, the City began the issuance of two new series of state revolving loan revenue bonds as well as withdrew from their pre-existing water revenue bonds. These funds have been expended on construction of the water treatment and wastewater treatment facilities. Financing details are as follows:

The City drew down an additional \$156,574 of funds from the 2000 series water revenue bonds leaving the total bonds outstanding at June 30, 2004 at \$1,019,000. All funds available in this series of bonds have now been drawn by the City.

The City also drew \$3,322,242 from the 2003 series water revenue bonds. The total par of these bonds is \$6,300,000, leaving \$2,977,758 available for additional funding. As shown below the interest rate on these bonds is 3.0%.

Draws from the 2004 series sewer revenue bonds by the City totaled \$1,876,525. The total par of this bond series is \$7,900,000, leaving \$6,023,475 of funds available for further construction expenditures.

Revenue bonds outstanding at June 30, 2004 are as follows:

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
June 30, 2004

**Note 7 - LONG-TERM DEBT – (Continued)**

**Primary Government**

<b>Purpose</b>	<b>Interest Rates</b>	<b>Amounts</b>
Sewer SRF	3.25%	\$ 1,876,525
Water SRF	3.0-3.53%	4,116,242
Sewer Refunding	3.6-4.2%	642,712
		<u>\$ 6,635,479</u>

These notes are reported net of unamortized deferred refunding asset of \$12,288.

**Component Unit**

<b>Purpose</b>	<b>Interest Rates</b>	<b>Amounts</b>
Hospital/Component Unit	5.5-5.9%	\$ 166,900
Hospital/Component Unit	8.0-8.4%	783,700
Hospital/Component Unit	4.3-4.5%	871,725
Hospital/Component Unit	5.2-5.5%	151,900
Hospital/Component Unit	3.0-5.45%	1,675,800
Hospital/Component Unit	2.5-5.9%	3,748,500
Hospital/Component Unit	1.8-3.35%	574,200
Hospital/Component Unit	3.4-5.15%	743,675
		<u>\$ 8,716,400</u>

These notes are reported net of unamortized discount of \$163,600.

Revenue bond debt service requirements to maturity are as follows:

<b>Year Ending June 30,</b>	<b>Business-Type Activities</b>		<b>Component Unit</b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2005	\$ 758,000	\$ 224,328	\$ 595,000	\$ 427,780
2006	800,000	197,319	735,000	416,060
2007	617,000	167,996	785,000	381,434
2008	639,000	147,798	815,000	343,381
2009	661,000	126,880	1,115,000	290,540
2010-2014	2,366,525	344,159	1,390,000	1,127,353
2015-2019	725,242	65,909	1,715,000	740,136
2020-2024	81,000	2,859	1,730,000	208,550
Total	<u>\$ 6,647,767</u>	<u>\$ 1,277,248</u>	<u>\$ 8,880,000</u>	<u>\$ 3,935,234</u>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 7 - LONG-TERM DEBT – (Continued)**

**Advance and Current Refundings**

In May 2002, the City issued \$1,310,000 in sewer revenue bonds with an average interest rate of 3.8% to refund the 1994 sewer revenue bonds with an average interest rate of 4.5% and the 1996 sewer revenue bonds with an average interest rate of 5.4%. The City refunded the debt to reduce its total debt service payments over the next four years by \$46,669 and to obtain an economic gain of \$43,097.

In May 2002, the City issued \$195,000 in General Obligation Capital Loan Notes with an average interest rate of 4.1% to refund the 1993 General Obligation Capital Loan Notes with an average interest rate of 5.2%. The City refunded the debt to reduce its total debt service payments over the next six years by \$10,008 and to obtain an economic gain of \$9,042.

In December 2003, the City issued \$3,015,000 of General Obligation Corporate Purpose and Refund Notes in a crossover advance refunding of the 1996A General Obligation Corporate Purpose Notes. The 2003 bonds have an average interest rate of 3.15% and the 1996 bonds being refunded have an average interest rate of 5.74%. The net proceeds from this issuance were used to purchase U.S. government securities and were deposited in an escrow account with Bankers Trust Company. As of the balance sheet date, the amount in escrow was \$2,946,801. This amount will be used to refund the remaining \$2,900,000 of the 1996 notes on June 1, 2005 when these notes become callable. The assets deposited with the escrow agent and the liability for the crossover bonds is included in the City's Debt Service Fund financial statements. As a result of this refunding, the City will reduce its debt service payments over the next seven years by \$167,924, and obtain an economic gain of \$145,045.

**Changes in Long-Term Liabilities**

Long-Term liability activity for the year ended June 30, 2004, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation	\$ 6,000,000	\$ 5,120,000	\$ 865,000	\$ 10,255,000	\$ 895,000
Notes Payable	132,000	600,000	732,000	-	-
Compensated Absences	254,137	146,598	60,432	340,303	-
 Governmental Activity Long-Term Liabilities	 6,386,137	 5,866,598	 1,657,432	 10,595,303	 895,000

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 7 - LONG-TERM DEBT – (Continued)**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-Type Activities:</b>					
Bonds Payable:					
General Obligation	2,745,000	-	70,000	2,675,000	80,000
Revenue Bonds	1,874,426	5,355,341	582,000	6,647,767	758,000
Less Deferred Amounts:					
On Refunding	18,700	-	6,412	12,288	-
Total Bonds Payable	4,600,726	5,355,341	645,588	9,310,479	838,000
 Business-Type Activity Long-Term Liabilities	 \$ 4,600,726	 \$ 5,355,341	 \$ 645,588	 \$ 9,310,479	 \$ 838,000
 <b>Component Unit:</b>					
Bonds Payable:					
Revenue Bonds	\$ 8,005,000	\$ 1,335,000	\$ 460,000	\$ 8,880,000	\$ 595,000
Less Deferred Amounts:					
Of Bond Discount	154,675	26,630	17,705	163,600	-
Total Bonds Payable	7,850,325	1,308,370	442,295	8,716,400	595,000
Capital Lease Obligations	252,596	-	252,596	-	-
Total Bonds Payable	\$ 8,102,921	\$ 1,308,370	\$ 694,891	\$ 8,716,400	\$ 595,000

**Note 8 - CAPITAL LEASES**

The component unit entered into an agreement to acquire medical equipment under a capital lease. The related liability under the lease at June 30, 2003 was \$252,596. The obligation was paid during the year ended June 30, 2004. The amount capitalized under the lease was \$510,000 with related accumulated amortization of \$264,708 at June 30, 2004.

**Note 9 - TRANSFERS**

The following is a summary of transfers between funds:

	Governmental Fund Types					Total
	General	Debt Service	Community Betterment	Nonmajor Governmental	Nonmajor Enterprise	Transfers Out
General	-	\$143,310	-	\$54,500	-	\$197,810
TIF	\$776,000	-	-	\$383,684	-	1,159,684
Road Use Tax	400,000	-	-	-	-	400,000
Local Option Sales Tax	-	94,170	\$17,500	359,027	-	470,697
Community Betterment	-	308,281	-	44,185	\$500,000	852,466
Nonmajor Governmental	-	85,842	-	-	-	85,842
Water	134,500	-	-	-	-	134,500
Sewer	187,500	-	-	-	-	187,500
Nonmajor Enterprise	43,000	-	-	-	-	43,000
Total Transfers In	\$1,541,000	\$631,603	\$17,500	\$841,396	\$500,000	\$3,531,499



**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Note 9 - TRANSFERS – (Continued)**

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.
3. To use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 10 - PENSION AND RETIREMENT**

**Iowa Public Employees Retirement System** - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute plan to members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70 percent of their annual covered salary and the City is required to contribute 5.75 percent of annual covered payroll except for, fire employees, in which case, the percentages are 5.93 percent and 8.90 percent, respectively, and law employees who are covered by another plan. Contribution requirements are established by state statute. The City contribution to IPERS for the years ended June 30, 2004, 2003, and 2002 were \$117,477, \$103,950, and \$99,303, respectively, equal to the required contributions for each year.

**Municipal Fire and Police Retirement System of Iowa** – The City contributes to the Municipal Fire & Police Retirement System of Iowa (MFPRSI) which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees appointed by the State of Iowa. MFPRSI provides retirement and death benefits which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104<sup>th</sup> Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate cannot be less than 20.48% of earnable compensation. Contribution requirements are established by State statute. The City's contribution to MFPRSI for the years ended June 30, 2004, 2003 and 2002 were \$135,588, \$106,426, and \$99,421 respectively, which met the required minimum contribution for each year.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 11 - MAJOR CUSTOMER**

During the year ended June 30, 2004, charges for services provided by the sewer utility of the City to Wells' Dairy, Inc. was \$1,303,211. This represents 64% of total sewer charges for service. Charges for services provided by the water utility of the City to Wells' Dairy, Inc. was \$418,385, which represents 28% of total water charges for services.

**Note 12 - RESERVES**

The following schedule reflects all reservations of fund balances as presented in the fund level statements:

	Long-Term Notes	Debt Service	Endowments/ Tree Farm	Advances	Total
<b>Special Revenue</b>					
Road Use Tax				\$ 2,618	\$ 2,618
Tree Farm			\$ 26,720		26,720
<b>Debt Service</b>		\$75,254			75,254
<b>Capital Projects</b>					
Killeas Industrial Park	\$ 996,015				996,015
<b>Permanent Fund</b>					
Cemetary Perpetual Care			129,468		129,468
<b>Total Reserves of Fund Balances</b>	<u>\$ 996,015</u>	<u>\$75,254</u>	<u>\$ 156,188</u>	<u>\$ 2,618</u>	<u>\$1,230,075</u>

**Note 13 - DEFICIT FUND EQUITY**

The City has eighteen funds with deficit equity balances at June 30, 2004. The City intends to finance these deficits from various resources including; road use tax funds, general funds, special assessments, water fund reserves, and capital project debt financing.

The individual fund deficits were as follows:

Enterprise – Solid Waste .....	\$ 37,675
Special Revenue – Unemployment.....	9,215
Special Revenue – Project Impact.....	202,914
Special Revenue – Westmar University TIF .....	936,305
Capital Project – 1994 Street Imp. #1 .....	28,069
Capital Project – 1997 Street Imp. #3 .....	46,005
Capital Project – 1996 Street Imp. - 14 <sup>th</sup> Ave. E.....	60
Capital Project – 1997 Storm Sewer Drainage Imp.....	\$ 221,808

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

**Note 13 - DEFICIT FUND EQUITY – (Continued)**

Capital Project – 2000 Street Imp. #8 .....	\$ 8,685
Capital Project – US 75 Intersections .....	170,000
Capital Project – 2002 Street Imp. #3 .....	139,657
Capital Project – Le Mars Business Park .....	434,036
Capital Project – CDBG/Weidler Renovation .....	385,774
Capital Project – 2002 Street Imp. #12 .....	184,714
Capital Project – CWC Renovation Project .....	208,400
Capital Project – Airport Runway Extension .....	\$ 11,550

**Note 14 - RISK MANAGEMENT**

Medical Insurance – As of July 1, 2001, the City began using a partially self-funded medical insurance program accounted for in an internal service fund. Costs of the program include medical benefits, administration fees and premiums for stop-loss coverage with limits of \$20,000 per covered employee per year.

Claims payable and estimated claims incurred but not reported are recorded as liabilities of the Internal Service Fund.

Claims payable at June 30, 2003	\$ 52,328
Claims Paid	(339,039)
Claims Incurred	337,567
Claims payable at June 30, 2004	<u>\$ 50,856</u>

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 384.12 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 300 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Note 14 - RISK MANAGEMENT – (Continued)**

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Automobile physical damage risks are retained by the Pool, up to \$50,000 each accident, each location, with excess coverage reinsured on an individual-member basis. All property risks are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the City's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions, however, the refund is reduced by an amount equal to the annual operating contribution, which the withdrawing member would have made for the one-year period following withdrawal.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City also participates in the Iowa Municipalities Workers' Compensation Association (IMWCA) for workman's compensation insurance.

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Note 15 -     COMMITMENTS**

During the year ended June 30, 2004, the City had entered into several construction contracts totaling approximately \$15,625,000 of which approximately \$5,885,000 has been expended to date. The remaining balance will be paid as work progresses.

During the year ended June 30, 2002, the City entered into a 28E Agreement with Plymouth County and surrounding communities to contribute funds for the construction of a County jail from local option sales tax proceeds. The City of Le Mars has agreed to contribute a total of \$2,166,101 through November 2016. As of June 30, 2004, the City has made payments totaling \$293,749.

**Note 16 -     CONTINGENCY**

The Environmental Protection Agency has now completed the clean up project for the manufactured gas plant site located in Le Mars at 331 1<sup>st</sup> Street N.E. The Environmental Protection Agency is still in negotiations with the City as well as a 3<sup>rd</sup> party attempting to determine the amount of liability that each will be responsible for. It appears likely that the EPA will determine the City to be liable for an amount which would prove to be material to the City's financial statements. The City is, however, unable to project an exact cost in this matter at the present time until all of the negotiations currently ongoing between the City and the Environmental Protection Agency are over and they have settled on an exact amount for which the City is liable.

The State of Iowa Environmental Protection Division is still considering the City's appeal of an administrative order imposing a penalty of \$10,000 for violations at the Waste Water Treatment Facility, which occurred during the months of April, May and June of 2000. As of this date, there has been no final decision as to the City's appeal of the penalty in the amount of \$10,000.

**Note 17 -     JOINT VENTURE**

The City of Le Mars has joined with Northwest Rural Electric Cooperative and Long Lines, Ltd. to form Le Mars Communications, LLP, which will provide high-tech telecommunications services to commercial and residential customers in the City of Le Mars and the area immediately surrounding Le Mars. Le Mars Communications, LLP will be establishing a telecommunications system that will initially provide telephone, internet, and high-speed data transmission service to customers in the community. The City owns 33.33 percent share of the venture. Summary financial information of the joint venture for the year ended December 31, 2003 follows:

	<u>Total</u>
Assets .....	<u>\$ 574,482</u>
Liabilities .....	189,534
Equity .....	384,948
	<u>574,482</u>
Revenues .....	209,764
Expenses.....	235,340
Net Decrease in Equity.....	<u>\$ (25,576)</u>

**CITY OF LE MARS, IOWA**  
**Notes to Financial Statements**  
**June 30, 2004**

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**Note 17 - JOINT VENTURE – (Continued)**

Separately issued financial statements for Le Mars Communications can be obtained from their offices. The joint venture is recorded on the equity method in the governmental activities.

City's Share of Joint Venture:	
Assets.....	33.33%
Equity.....	33.33%
Liabilities.....	33.33%

**Note 18 - CONDUIT DEBT OBLIGATIONS**

The City has issued Industrial Development Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the private-sector entity. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2002, Industrial Development Revenue Bonds outstanding had an original issue amount of \$1,850,000. The outstanding balance at June 30, 2004 was \$1,850,000.

**Note 19 - NOTES RECEIVABLE**

In January 2000, the City sold 75.87 acres in the Killeas Industrial Park to the Le Mars Business Initiative Corporation (LBIC) for \$8,000 per acre. In addition, the City and the LBIC have entered into a development agreement for which the City pays all costs to develop this property. The LBIC plans to market the land to prospective businesses. As each lot is sold by the LBIC, the net purchase price will be immediately payable to the City of Le Mars until such time as all costs associated with this project have been repaid. The note receivable as of June 30, 2004 is \$996,015.

In May 2001, the City sold the Westmar Art Center Building for \$55,000 of which \$54,450 was on contract at 7% interest. At June 30, 2003, there was still \$41,982 outstanding to the City. This note was paid in full to the City during the current year.

**Note 20 - PLEDGES RECEIVABLE**

The City received pledges from individuals and businesses to finance several community betterment projects. The pledges are to be paid over a ten-year period. The receivable at June 30, 2004 is recorded net of allowance for uncollectible of \$126,000 in the government-wide financial statements. In the fund level statements, the receivable, net of allowance for uncollectible of \$20,000, is recorded in the Community Betterment Fund with a deferred revenue for the proceeds to be received after one year.

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LE MARS, IOWA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET**  
**AND ACTUAL, GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS - CASH BASIS**  
**Year Ended June 30, 2004**

	General Fund			Variance with Final Budget
	Budgeted Amounts		Actual	Positive (Negative)
	Original	Amended		
Revenue:				
Taxes	\$ 2,148,990	\$ 2,148,990	\$ 2,152,862	\$ 3,872
Licenses and Permits	124,400	124,400	134,414	10,014
Intergovernmental Revenue	215,807	215,807	220,092	4,285
Charges for Services	414,000	427,200	416,692	(10,508)
Fines and Forfeits	-	-	18,600	18,600
Contributions	4,000	29,000	30,274	1,274
Refunds/Reimbursements	10,000	10,000	41,260	31,260
Rental Income	359,900	359,900	292,012	(67,888)
Proceeds from Sale of Real Estate	-	-	11,664	11,664
Interest	-	-	10,965	10,965
Miscellaneous	3,000	43,000	5,237	(37,763)
Total Revenue	3,280,097	3,358,297	3,334,072	(24,225)
Expenditures:				
Public Safety	1,669,102	1,711,102	1,675,743	35,359
Public Works	693,299	724,299	676,592	47,707
Culture and Recreation	1,154,224	1,219,424	1,087,925	131,499
Community and Economic Development	109,836	234,836	236,913	(2,077)
General Government	1,000,192	1,013,192	987,244	25,948
Capital Projects	-	-	343,344	(343,344)
Total Expenditures	4,626,653	4,902,853	5,007,761	(104,908)
Excess (deficiency) of revenues over expenditures	(1,346,556)	(1,544,556)	(1,673,689)	(129,133)
Other financing sources (uses):				
Interfund Transfers In	1,541,000	1,541,000	1,541,000	-
Interfund Transfers Out	(192,810)	(192,810)	(197,810)	(5,000)
Total other financing sources (uses)	1,348,190	1,348,190	1,343,190	(5,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 1,634	\$ (196,366)	(330,499)	\$ (134,133)
Fund balances-beginning of year			993,385	
Fund balances- end of year			\$ 662,886	

	Road Use Tax			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Amended		
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	710,000	710,000	769,327	59,327
Refunds/Reimbursements	-	-	-	-
Interest	-	-	-	-
Total Revenue	710,000	710,000	769,327	59,327
Expenditures:				
Public Works	21,000	51,000	-	51,000
Capital Projects	319,000	289,000	76,592	212,408
Total Expenditures	340,000	340,000	76,592	263,408
Excess (deficiency) of revenues over expenditures	370,000	370,000	692,735	322,735
Other financing sources (uses):				
Proceeds from Debt Financing	-	-	-	-
Interfund Transfers Out	(400,000)	(400,000)	(400,000)	-
Total other financing sources (uses)	(400,000)	(400,000)	(400,000)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (30,000)	\$ (30,000)	292,735	\$ 322,735
Fund balances-beginning of year			499,217	
Fund balances- end of year			\$ 791,952	



Local Option Sales Tax				Variance with Final Budget Positive (Negative)
Budgeted Amounts		Actual		
Original	Amended			
\$ 450,000	\$ 832,900	\$ 895,725	\$	62,825
-	-	-		-
-	-	1,414		1,414
-	-	2,449		2,449
450,000	832,900	899,588		66,688
-	-	-		-
-	860,900	730,879		130,021
-	860,900	730,879		130,021
450,000	(28,000)	168,709		196,709
-	282,500	-		(282,500)
-	-	(470,697)		(470,697)
-	282,500	(470,697)		(753,197)
<u>\$ 450,000</u>	<u>\$ 254,500</u>	(301,988)	<u>\$</u>	<u>(556,488)</u>
		358,885		
		\$ 56,897		

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**CITY OF LE MARS**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2004**

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In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds and the Internal Service Funds, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund or fund type. These 9 functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$12,090,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2004, disbursements in the public safety function exceeded the amount budgeted.

During the fiscal year 2004, the City had one budget amendment. The amendment was as follows:

<u>Program</u>	<u>Original Budget</u>	<u>5/18/04 Amendment</u>	<u>Amended Budget</u>
Public Safety	\$1,807,382	\$42,500	\$1,849,882
Public Works	714,299	31,000	745,299
Health and Social Service	105,000	-	105,000
Culture & Recreation	1,188,924	65,200	1,254,124
Community & Economic Development	316,529	180,900	497,429
General Government	1,011,192	14,500	1,025,692
Debt Service	1,087,981	310,000	1,397,981
Capital Projects	1,290,479	3,190,600	4,481,079
Business Type/Enterprise	25,863,759	8,255,300	34,119,059
Total	<u>\$33,385,545</u>	<u>\$12,090,000</u>	<u>\$45,475,545</u>

**CITY OF LE MARS**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2004**

The following schedule demonstrates the City's legal compliance to the budget that includes the component unit.

<u>Program</u>	<u>Amended Budget</u>	<u>Actual (Cash Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Public Safety	\$1,849,882	\$ 1,890,784	\$ (40,902)
Public Works	745,299	740,454	4,845
Health and Social Service	105,000	63,694	41,306
Culture & Recreation	1,254,124	1,128,812	125,312
Community & Economic Development	497,429	469,028	28,401
General Government	1,025,692	999,571	26,121
Debt Service	1,397,981	1,268,312	129,669
Capital Projects	4,481,079	3,236,437	1,244,642
Business Type/Enterprise	34,119,059	27,278,402	6,840,657
Total	<u>\$45,475,545</u>	<u>\$37,075,494</u>	<u>\$ 8,400,051</u>

As noted previously, the actual results of operations are presented in accordance with generally accepted accounting principles which differ in certain respects from those practices used in the preparation of the 2003-04 budget. For purposes of preparing the budget comparison above, the actual expenses have been adjusted to the cash basis which is consistent with the City's budgeted expenditures/expenses. The adjustments required to convert the expenses to cash basis at the end of the year are as follows:

<u>Governmental Fund Types</u>			
	<u>Cash Basis</u>	<u>General Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 3,334,072	\$ 6,695	\$ 3,340,767
Expenditures	5,007,761	(138,708)	4,869,053
Net	(1,673,689)	145,403	(1,528,286)
Other Financing Sources (Uses)	1,343,190	-	1,343,190
Beginning Fund Balance	993,385	(318,958)	674,427
Ending Fund Balance	<u>\$ 662,886</u>	<u>\$ (173,555)</u>	<u>\$ 489,331</u>

<u>Governmental Fund Types</u>			
	<u>Cash Basis</u>	<u>TIF Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 1,159,684	\$ 1,943	\$ 1,161,627
Expenditures	-	-	-
Net	1,159,684	1,943	1,161,627
Other Financing Sources (Uses)	(1,159,684)	-	(1,159,684)
Beginning Fund Balance	-	2,581	2,581
Ending Fund Balance	<u>\$ -</u>	<u>\$ 4,524</u>	<u>\$ 4,524</u>

**CITY OF LE MARS**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2004**

	<b>Governmental Fund Types</b>		
		<b>Road Use Tax</b>	
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 769,327	\$ 5,457	\$ 774,784
Expenditures	76,592	2,334	78,926
Net	692,735	3,123	695,858
Other Financing Sources (Uses)	(400,000)	-	(400,000)
Beginning Fund Balance	499,217	55,694	554,911
Ending Fund Balance	<u>\$ 791,952</u>	<u>\$ 58,817</u>	<u>\$ 850,769</u>

	<b>Governmental Fund Types</b>		
		<b>Local Option Sales Tax</b>	
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 899,588	\$ (211,598)	\$ 687,990
Expenditures	730,879	14,209	745,088
Net	168,709	(225,807)	(57,098)
Other Financing Sources (Uses)	(470,697)	-	(470,697)
Beginning Fund Balance	358,885	322,408	681,293
Ending Fund Balance	<u>\$ 56,897</u>	<u>\$ 96,601</u>	<u>\$ 153,498</u>

	<b>Governmental Fund Types</b>		
		<b>Community Betterment Project</b>	
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 506,397	\$ (64,000)	\$ 442,397
Expenditures	37,581	(264)	37,317
Net	468,816	(63,736)	405,080
Other Financing Sources (Uses)	1,270,034	-	1,270,034
Beginning Fund Balance	52,589	493,611	546,200
Ending Fund Balance	<u>\$ 1,791,439</u>	<u>\$ 429,875</u>	<u>\$ 2,221,314</u>

	<b>Governmental Fund Types</b>		
		<b>Debt Service</b>	
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 580,421	\$ 21,934	\$ 602,355
Expenditures	1,236,702	66,238	1,302,940
Net	(656,281)	(44,304)	(700,585)
Other Financing Sources (Uses)	3,602,195	(2,855,592)	746,603
Beginning Fund Balance	26,066	3,170	29,236
Ending Fund Balance	<u>\$ 2,971,980</u>	<u>\$ 2,896,726</u>	<u>\$ 75,254</u>

**CITY OF LE MARS**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2004**

	<b>Governmental Fund Types</b>		
	<b><u>Non-Major Governmental Funds</u></b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified Accrual Basis</b>
Revenues	\$ 826,786	\$ (226,124)	\$ 600,662
Expenditures	2,566,178	(195,887)	2,370,291
Net	(1,739,392)	(30,237)	(1,769,629)
Other Financing Sources (Uses)	1,355,554	-	1,355,554
Beginning Fund Balance	(2,770,881)	834,443	(1,936,438)
Ending Fund Balance	\$ (3,154,719)	\$ 804,206	\$ (2,350,513)

	<b>Enterprise Fund Types</b>		
	<b><u>Water System</u></b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Accrual Basis</b>
Revenues	\$ 4,978,249	\$ (3,371,530)	\$ 1,606,719
Expenses	4,156,162	(3,048,783)	1,107,379
Net	822,087	(322,747)	499,340
Other Financing Sources (Uses)	(134,500)	-	(134,500)
Beginning Net Assets	46,437	5,394,015	5,440,452
Ending Net Assets	\$ 734,024	\$ 5,071,268	\$ 5,805,292

	<b>Enterprise Fund Types</b>		
	<b><u>Sewer System</u></b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Accrual Basis</b>
Revenues	\$ 3,872,019	\$ (1,761,266)	\$ 2,110,753
Expenses	4,141,311	(2,506,680)	1,634,631
Net	(269,292)	745,414	476,122
Other Financing Sources (Uses)	(187,500)	-	(187,500)
Beginning Net Assets	616,727	6,751,909	7,368,636
Ending Net Assets	\$ 159,935	\$ 7,497,323	\$ 7,657,258

	<b>Enterprise Fund Types</b>		
	<b><u>Non-Major Enterprise Funds</u></b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Accrual Basis</b>
Revenues	\$ 796,781	\$ (143,184)	\$ 653,597
Expenses	1,304,244	(657,483)	646,761
Net	(507,463)	514,299	6,836
Other Financing Sources (Uses)	457,000	-	457,000
Beginning Net Assets	372,777	585,417	958,194
Ending Net Assets	\$ 322,314	\$ 1,099,716	\$ 1,422,030

**CITY OF LE MARS**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2004**

	<b>Primary Government Not including Internal Service</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified/Full Accrual Basis</b>
Revenues	\$17,723,324	\$ (5,741,673)	\$ 11,981,651
Expenditures	19,257,410	(6,465,024)	12,792,386
Net	(1,534,086)	723,351	(810,735)
Other Financing Sources (Uses)	5,675,592	(2,855,592)	2,820,000
Beginning Fund Balance	195,202	14,124,290	14,319,492
Ending Fund Balance	<u>\$ 4,336,708</u>	<u>\$ 11,992,049</u>	<u>\$ 16,328,757</u>

	<b>Component Unit Floyd Valley Hospital</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Accrual Basis</b>
Revenues	\$ 18,138,461	\$ (1,773,616)	\$ 16,364,845
Expenses	17,818,084	(2,253,694)	15,564,390
Net	320,377	480,078	800,455
Other Financing Sources (Uses)	-	-	-
Beginning Net Assets	9,011,611	2,541,878	11,553,489
Ending Net Assets	<u>\$ 9,331,988</u>	<u>\$ 3,021,956</u>	<u>\$ 12,353,944</u>

	<b>Total Government Including Component Unit</b>		
	<b>Cash Basis</b>	<b>Accrual Adjustments</b>	<b>Modified/Full Accrual Basis</b>
Revenues	\$ 35,861,785	\$ (7,515,289)	\$ 28,346,496
Expenses	37,075,494	(8,718,718)	28,356,776
Net	(1,213,709)	1,203,429	(10,280)
Other Financing Sources (Uses)	5,675,592	(2,855,592)	2,820,000
Beginning Net Assets	9,206,813	16,666,168	25,872,981
Ending Net Assets	<u>\$ 13,668,696</u>	<u>\$ 15,014,005</u>	<u>\$ 28,682,701</u>

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## OTHER SUPPLEMENTARY INFORMATION

CITY OF LE MARS, IOWA  
COMBINING BALANCE SHEET  
Governmental Nonmajor Funds  
JUNE 30, 2004

	Special Revenue Funds						
	Fire Department Service	Westmar University TIF	CDBG Home Fund	CDBG Land Fund	Police Block Grant	Hospital TIF	Project Impact
<b>Assets</b>							
Cash and Pooled Investments	\$ 423	\$ -	\$ 6,463	\$ 12,221	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)							
Taxes	-	944	-	-	-	-	-
Subsequent Year Taxes	-	155,324	-	-	-	66,840	-
Special Assessments	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>423</b>	<b>156,268</b>	<b>6,463</b>	<b>12,221</b>	<b>-</b>	<b>66,840</b>	<b>-</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts Payable	-	1,147	-	-	-	-	-
Accrued Wages and Compensated Absences	-	483	-	-	-	-	-
Due to Other Funds	-	935,619	-	-	-	-	202,914
Deferred Revenue - Subsequent Year Taxes	-	155,324	-	-	-	66,840	-
<b>Total Liabilities</b>	<b>-</b>	<b>1,092,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,840</b>	<b>202,914</b>
<b>Fund Balances:</b>							
Reserved for:							
Perpetual Care	-	-	-	-	-	-	-
Tree Farm	-	-	-	-	-	-	-
Long-term Notes	-	-	-	-	-	-	-
Unreserved	423	(936,305)	6,463	12,221	-	-	(202,914)
<b>Total Fund Balances (Deficits)</b>	<b>423</b>	<b>(936,305)</b>	<b>6,463</b>	<b>12,221</b>	<b>-</b>	<b>-</b>	<b>(202,914)</b>
<b>Total Liabilities and Equity</b>	<b>\$ 423</b>	<b>\$ 156,268</b>	<b>\$ 6,463</b>	<b>\$ 12,221</b>	<b>\$ -</b>	<b>\$ 66,840</b>	<b>\$ -</b>

Special Revenue Funds						
Housing Review Board	Police Pension Fund	Olson Event Center	Unemploy- ment	Special Law Enforcement	Tree Farm	Hotel/ Motel Tax
\$ 1,947	\$ 7,844	\$ 28,671	\$ -	\$ 3,494	\$ 26,720	\$ 31,375
-	-	-	-	-	-	-
-	993	-	87	-	-	-
-	171,972	-	15,014	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	24,816
1,947	180,809	28,671	15,101	3,494	26,720	56,191
-	-	-	5,004	-	-	13,961
-	-	-	-	-	-	-
-	-	-	4,298	-	-	-
-	171,972	-	15,014	-	-	-
-	171,972	-	24,316	-	-	13,961
-	-	-	-	-	-	-
-	-	-	-	-	26,720	-
-	-	-	-	-	-	-
1,947	8,837	28,671	(9,215)	3,494	-	42,230
1,947	8,837	28,671	(9,215)	3,494	26,720	42,230
\$ 1,947	\$ 180,809	\$ 28,671	\$ 15,101	\$ 3,494	\$ 26,720	\$ 56,191

CITY OF LE MARS, IOWA  
COMBINING BALANCE SHEET  
Governmental Nonmajor Funds  
JUNE 30, 2004

Capital Projects							
	1994		1997		1996	14th	Recreation
	Street Imp.	Swimming	Street Imp.	Killeas	Street Imp.	Ave	Trail
	#1	Pool	#3	Industrial Park	14th Ave E	Infrastructure	Improvements
<b>Assets</b>							
Cash and Pooled Investments	\$ -	\$ 22,047	\$ -	\$ -	\$ -	\$ 25,289	\$ 100,030
Investments	-	-	-	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)							
Taxes	-	-	-	-	-	-	-
Subsequent Year Taxes	-	-	-	-	-	-	-
Special Assessments	-	-	-	12,900	2,465	-	-
Notes Receivable	-	-	-	996,015	-	-	-
Due from Other Governmental Agencies	-	-	-	-	7,225	-	-
<b>Total Assets</b>	-	22,047	-	1,008,915	9,690	25,289	100,030
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts Payable	-	19,584	-	1,394	-	-	-
Accrued Wages and Compensated Absences	-	-	-	-	-	-	-
Due to Other Funds	28,069	-	46,005	796,211	9,750	-	-
Deferred Revenue - Subsequent Year Taxes	-	-	-	-	-	-	-
<b>Total Liabilities</b>	28,069	19,584	46,005	797,605	9,750	-	-
<b>Fund Balances:</b>							
Reserved for:							
Perpetual Care	-	-	-	-	-	-	-
Tree Farm	-	-	-	-	-	-	-
Long-term Notes	-	-	-	996,015	-	-	-
Unreserved	(28,069)	2,463	(46,005)	(784,705)	(60)	25,289	100,030
<b>Total Fund Balances</b>	(28,069)	2,463	(46,005)	211,310	(60)	25,289	100,030
<b>Total Liabilities and Equity</b>	\$ -	\$ 22,047	\$ -	\$ 1,008,915	\$ 9,690	\$ 25,289	\$ 100,030

Capital Projects									
Airport Runway Extension	2002 Street Imp. #3	CDBG/ Weidler Renovation	2000 Street Imp. #8	2002 Street Imp. #12	TIF Capital Projects	CWC Renovation Project	2003 STP-FHWA Projects	LeMars Business Park	Storm Sewer Drainage Imp.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,213	\$ -	\$ 18,206	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	29,213	-	18,206	-	-
6,570	-	696	-	-	10,306	5,596	-	6,499	-
-	-	-	-	-	-	-	-	-	-
4,980	139,657	385,078	8,685	184,714	-	202,804	-	427,537	221,808
-	-	-	-	-	-	-	-	-	-
11,550	139,657	385,774	8,685	184,714	10,306	208,400	-	434,036	221,808
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(11,550)	(139,657)	(385,774)	(8,685)	(184,714)	18,907	(208,400)	18,206	(434,036)	(221,808)
(11,550)	(139,657)	(385,774)	(8,685)	(184,714)	18,907	(208,400)	18,206	(434,036)	(221,808)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,213	\$ -	\$ 18,206	\$ -	\$ -

CITY OF LE MARS, IOWA  
COMBINING BALANCE SHEET  
Governmental Nonmajor Funds  
JUNE 30, 2004

	Capital Project	Permanent Fund	Total Governmental Nonmajor Funds
	US 75 Intersections	Cemetery Perpetual Care Fund	
<b>Assets</b>			
Cash and Pooled Investments	\$ -	\$ -	\$ 313,943
Investments	-	129,468	129,468
Receivables (Net, where applicable, of allowance for uncollectibles)			
Taxes	-	-	2,024
Subsequent Year Taxes	-	-	409,150
Special Assessments	-	-	15,365
Notes Receivable	-	-	996,015
Due from Other Governmental Agencies	-	-	32,041
<b>Total Assets</b>	-	129,468	1,898,006
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts Payable	170,000	-	240,757
Accrued Wages and Compensated Absences	-	-	483
Due to Other Funds	-	-	3,598,129
Deferred Revenue - Subsequent Year Taxes	-	-	409,150
<b>Total Liabilities</b>	170,000	-	4,248,519
<b>Fund Balances:</b>			
Reserved for:			
Perpetual Care	-	129,468	129,468
Tree Farm	-	-	26,720
Long-term Notes	-	-	996,015
Unreserved	(170,000)	-	(3,502,716)
<b>Total Fund Balances</b>	(170,000)	129,468	(2,350,513)
<b>Total Liabilities and Equity</b>	\$ -	\$ 129,468	\$ 1,898,006

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**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2004**

	Special Revenue Funds						
	Fire Department Service	Westmar University TIF	CDBG Home Fund	CDBG Land Fund	Police Block Grant	Hospital TIF	Project Impact
Revenue:							
Taxes	\$ -	\$ 113,478	\$ -	\$ -	\$ -	\$ 63,694	\$ -
Licenses and Permits	-	-	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Refunds/Reimbursements	-	86	22,356	28,000	134	-	2,761
Rental Income	-	1,400	-	-	-	-	-
Proceeds from Sale of Real Estate	-	19,645	-	-	-	-	-
Interest	-	-	75	172	-	-	-
Miscellaneous	-	518	-	-	-	-	-
Total Revenue	-	135,127	22,431	28,172	134	63,694	2,761
Expenditures:							
Public Safety	1,000	-	-	-	134	-	-
Health and Social Services	-	-	-	-	-	63,694	-
Culture and Recreation	-	-	-	-	-	-	-
Community and Economic Development	-	122,797	-	-	-	-	11,064
General Government	-	-	-	-	-	-	-
Capital Projects	-	-	25,067	30,000	-	-	-
Debt Service	-	-	-	-	-	-	-
Total Expenditures	1,000	122,797	25,067	30,000	134	63,694	11,064
Excess (deficiency) of revenues over expenditures	(1,000)	12,330	(2,636)	(1,828)	-	-	(8,303)
Other financing sources (uses):							
Proceeds from Debt Financing	-	-	-	-	-	-	-
Transfers In	500	10,000	-	-	-	-	-
Transfers Out	-	(85,842)	-	-	-	-	-
Total other financing sources (uses)	500	(75,842)	-	-	-	-	-
Net Change in Fund Balance	(500)	(63,512)	(2,636)	(1,828)	-	-	(8,303)
Fund balances (deficits) -beginning of year	923	(872,793)	9,099	14,049	-	-	(194,611)
Fund balances (deficits) - end of year	\$ 423	\$ (936,305)	\$ 6,463	\$ 12,221	\$ -	\$ -	\$ (202,914)



Special Revenue Funds						
Housing Review Board	Police Pension Fund	Olson Event Center	Unemploy- ment	Special Law Enforcement	Tree Farm	Hotel/ Motel Tax
\$ -	\$ 142,411	\$ -	\$ 11,034	\$ -	\$ -	\$ 88,715
400	-	-	-	-	-	-
-	-	25,783	-	-	-	-
-	(21)	-	-	-	3,000	-
-	-	1,606	-	-	-	-
-	-	50	-	-	-	-
-	3	12	-	3,060	-	-
-	-	-	-	13	134	112
400	142,393	27,451	11,034	3,073	3,134	88,827
-	135,588	-	-	619	-	-
-	-	-	-	-	700	-
737	-	-	-	-	-	94,685
-	-	-	14,096	-	-	-
-	-	176,349	-	-	-	-
737	135,588	176,349	14,096	619	700	94,685
(337)	6,805	(148,898)	(3,062)	2,454	2,434	(5,858)
-	-	-	-	-	-	-
-	-	259,027	-	-	5,000	-
-	-	-	-	-	-	-
-	-	259,027	-	-	5,000	-
(337)	6,805	110,129	(3,062)	2,454	7,434	(5,858)
2,284	2,032	(81,458)	(6,153)	1,040	19,286	48,088
\$ 1,947	\$ 8,837	\$ 28,671	\$ (9,215)	\$ 3,494	\$ 26,720	\$ 42,230

CITY OF LE MARS, IOWA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Governmental Nonmajor Funds  
For the Year Ended June 30, 2004

	Capital Projects						
	1994 Street Imp. #1	Swimming Pool	1997 Street Imp. #3	Killeas Industrial Park	1996 Street Imp. 14th Ave E	14th Ave Infrastructure	Recreation Trail Improvements
Revenue:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-
Contributions	-	35	-	-	-	-	-
Refunds/Reimbursements	-	-	-	-	-	-	-
Rental Income	-	-	-	-	-	-	-
Proceeds from Sale of Real Estate	-	-	-	-	-	-	-
Interest	-	9	-	-	-	171	30
Miscellaneous	-	-	-	-	-	-	-
Total Revenue	-	44	-	-	-	171	30
Expenditures:							
Public Safety	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-
Capital Projects	-	19,096	-	-	-	-	-
Debt Service	-	-	-	551,833	-	-	-
Total Expenditures	-	19,096	-	551,833	-	-	-
Excess (deficiency) of revenues over expenditures	-	(19,052)	-	(551,833)	-	171	30
Other financing sources (uses):							
Proceeds from Debt Financing	-	-	-	400,000	-	-	-
Transfers In	-	44,185	-	138,600	-	-	100,000
Transfers Out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	44,185	-	538,600	-	-	100,000
Net Change in Fund Balance	-	25,133	-	(13,233)	-	171	100,030
Fund balances (deficits) -beginning of year	(28,069)	(22,670)	(46,005)	224,543	(60)	25,118	-
Fund balances (deficits) - end of year	\$ (28,069)	\$ 2,463	\$ (46,005)	\$ 211,310	\$ (60)	\$ 25,289	\$ 100,030

Capital Projects									
Airport Runway Extension	2002 Street Imp. #3	CDBG/ Weidler Renovation	2000 Street Imp. #8	2002 Street Imp. #12	TIF Capital Projects	CWC Renovation Project	2003 STP-FHWA Projects	LeMars Business Park	Storm Sewer Drainage Imp.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	5,000	-	-	-	-	-	-	-
-	-	672	-	61,271	2,197	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	267	-	-	24	-	140	-	-
-	-	-	-	-	-	-	-	-	-
-	-	5,939	-	61,271	2,221	-	140	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
11,550	-	10,527	-	95,875	227,303	193,794	300	338,632	38,235
-	-	206,616	-	-	-	-	-	-	-
11,550	-	217,143	-	95,875	227,303	193,794	300	338,632	38,235
(11,550)	-	(211,204)	-	(34,604)	(225,082)	(193,794)	(160)	(338,632)	(38,235)
-	-	200,000	-	-	-	-	-	-	-
-	-	39,000	-	-	245,084	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	239,000	-	-	245,084	-	-	-	-
(11,550)	-	27,796	-	(34,604)	20,002	(193,794)	(160)	(338,632)	(38,235)
-	(139,657)	(413,570)	(8,685)	(150,110)	(1,095)	(14,606)	18,366	(95,404)	(183,573)
\$ (11,550)	\$ (139,657)	\$ (385,774)	\$ (8,685)	\$ (184,714)	\$ 18,907	\$ (208,400)	\$ 18,206	\$ (434,036)	\$ (221,808)

CITY OF LE MARS, IOWA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
Governmental Nonmajor Funds  
For the Year Ended June 30, 2004

	Capital Project	Permanent Fund Cemetery	Total Governmental Nonmajor Funds
	US 75 Intersections	Perpetual Care Fund	
Revenue:			
Taxes	\$ -	\$ -	\$ 419,332
Licenses and Permits	-	-	400
Intergovernmental Revenue	-	-	25,783
Charges for Services	-	2,215	2,215
Contributions	-	-	8,014
Refunds/Reimbursements	-	-	119,083
Rental Income	-	-	1,450
Proceeds from Sale of Real Estate	-	-	22,705
Interest	-	-	1,162
Miscellaneous	-	-	518
Total Revenue	-	2,215	600,662
Expenditures:			
Public Safety	-	-	137,341
Health and Social Services	-	-	63,694
Culture and Recreation	-	-	700
Community and Economic Development	-	-	229,283
General Government	-	-	14,096
Capital Projects	-	-	1,166,728
Debt Service	-	-	758,449
Total Expenditures	-	-	2,370,291
Excess (deficiency) of revenues over expenditures	-	2,215	(1,769,629)
Other financing sources (uses):			
Proceeds from Debt Financing	-	-	600,000
Transfers In	-	-	841,396
Transfers Out	-	-	(85,842)
Total other financing sources (uses)	-	-	1,355,554
Net Change in Fund Balance	-	2,215	(414,075)
Fund balances (deficits) -beginning of year	(170,000)	127,253	(1,936,438)
Fund balances (deficits) - end of year	\$ (170,000)	\$ 129,468	\$ (2,350,513)

CITY OF LE MARS, IOWA  
COMBINING STATEMENT OF NET ASSETS  
Enterprise Nonmajor Funds  
June 30, 2004

	Business Type Activities		
	Golf Course	Solid Waste	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 143,131	\$ -	\$ 143,131
Receivables (Net, where applicable, of allowance for uncollectibles) (Note 3)			
Accounts	1,716	12,877	14,593
Estimated Unbilled Usage	-	23,666	23,666
Advances to Other Funds (Note 5 )	15,387	-	15,387
Land	300,886	-	300,886
Construction in Progress	588,655	-	588,655
Infrastructure, Property and Equipment, Net of Accumulated Depreciation (Note 6)	510,525	-	510,525
<b>Total Assets</b>	<b>1,560,300</b>	<b>36,543</b>	<b>1,596,843</b>
<b>LIABILITIES</b>			
Accounts Payable	100,595	-	100,595
Due to Other Funds	-	74,218	74,218
<b>Total Liabilities</b>	<b>100,595</b>	<b>74,218</b>	<b>174,813</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,400,066	-	1,400,066
Unrestricted	59,639	(37,675)	21,964
<b>Total Net Assets</b>	<b>\$ 1,459,705</b>	<b>\$ (37,675)</b>	<b>\$ 1,422,030</b>

CITY OF LE MARS, IOWA  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
Enterprise Nonmajor Funds  
For the Year Ended June 30, 2004

	Business Type Activities		
	Golf Course	Solid Waste	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 273,607	\$ 378,736	\$ 652,343
<b>Total Operating Revenue</b>	<u>273,607</u>	<u>378,736</u>	<u>652,343</u>
<b>Operating Expenses:</b>			
Commissions	28,908	-	28,908
Contract Services	104,577	368,774	473,351
Supplies	46,666		46,666
Repairs and Improvements	13,237	-	13,237
Utilities	13,628	-	13,628
Miscellaneous	17,331	50	17,381
Depreciation	51,407	-	51,407
Bad Debt Expense	-	2,183	2,183
<b>Total Operating Expenses</b>	<u>275,754</u>	<u>371,007</u>	<u>646,761</u>
<b>Operating Income</b>	(2,147)	7,729	5,582
<b>Non-Operating Income:</b>			
Interest Income	444	-	444
Other Non-operating Revenues	810		810
<b>Total Non-Operating Income</b>	<u>1,254</u>	<u>-</u>	<u>1,254</u>
<b>Income (Loss) Before Transfers</b>	(893)	7,729	6,836
<b>Transfers In/(Out)</b>	<u>484,000</u>	<u>(27,000)</u>	<u>457,000</u>
<b>Change in Net Assets</b>	483,107	(19,271)	463,836
<b>Net assets - beginning</b>	<u>976,598</u>	<u>(18,404)</u>	<u>958,194</u>
<b>Net assets - ending</b>	<u>\$ 1,459,705</u>	<u>\$ (37,675)</u>	<u>\$ 1,422,030</u>

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Enterprise Nonmajor Funds**  
**For the Year Ended June 30, 2004**

	Business Type Activities		
	Golf Course	Solid Waste	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 276,928	\$ 380,823	\$ 657,751
Cash Paid to Suppliers for Goods and Services	(229,434)	(353,823)	(583,257)
Other Nonoperating Income	810	-	810
Net Cash Provided by Operating Activities	48,304	27,000	75,304
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and Construction of Capital Assets	(527,754)	-	(527,754)
Net Cash (Used) for Capital and Related Financing Activities	(527,754)	-	(527,754)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Operating Transfers From (To) Other Funds	484,000	(27,000)	457,000
Advances From (To) Other Funds	21,603		21,603
Due From (To) Other Funds	116,534	-	116,534
Net Cash Provided (Used) for Non-Capital Financing Activities	622,137	(27,000)	595,137
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and Dividends on Investments	444	-	444
Net Increase in Cash and Cash Equivalents	143,131	-	143,131
Cash and Cash Equivalents at Beginning of Year	-	-	-
Cash and Cash Equivalents at End of Year	\$ 143,131	\$ -	\$ 143,131
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Net Operating Income (Loss)	\$ (2,147)	\$ 7,729	\$ 5,582
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	51,407	-	51,407
Bad Debt Expense	-	2,183	2,183
Miscellaneous Non-Operating Income	810	-	810
(Increase) Decrease in Assets:			
Accounts Receivable	3,321	(870)	2,451
Estimated Unbilled Usage		2,957	2,957
Increase (Decrease) in Liabilities:			
Accounts Payable	(5,087)	15,001	9,914
Net Cash Provided by Operating Activities	\$ 48,304	\$ 27,000	\$ 75,304

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF NET ASSETS**  
Internal Service Funds  
June 30, 2004

	Health Insurance	Equipment Revolving	Totals
<b>ASSETS</b>			
Cash and Equivalents	\$ 313,894	\$ 253,401	\$ 567,295
<b>Total Assets</b>	<b>313,894</b>	<b>253,401</b>	<b>567,295</b>
<b>LIABILITIES</b>			
Accrued Expenses	50,856	-	50,856
Advances from Other Funds	-	253,401	253,401
<b>Total Liabilities</b>	<b>50,856</b>	<b>253,401</b>	<b>304,257</b>
<b>NET ASSETS</b>			
Unrestricted	\$ 263,038	\$ -	\$ 263,038



**CITY OF LE MARS, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Internal Service Funds**  
**For the Year Ended June 30, 2004**

	<b>Health Insurance</b>	<b>Equipment Revolving</b>	<b>Totals</b>
<b>Operating revenues:</b>			
Charges for services to operating funds	\$ 668,638	\$ -	\$ 668,638
<b>Operating expenses:</b>			
Administrative and General	461,946		461,946
<b>Total operating expenses</b>	<u>461,946</u>	<u>-</u>	<u>461,946</u>
<b>Operating Income</b>	206,692	-	206,692
<b>Non-Operating Income:</b>			
Interest Income	1,451		1,451
<b>Total Non-Operating Income</b>	<u>1,451</u>	<u>-</u>	<u>1,451</u>
<b>Change in Net Assets</b>	208,143	-	208,143
<b>Net assets - beginning</b>	<u>54,895</u>	<u>-</u>	<u>54,895</u>
<b>Net assets - ending</b>	<u>\$ 263,038</u>	<u>\$ -</u>	<u>\$ 263,038</u>

**CITY OF LE MARS, IOWA**  
**STATEMENT OF CASH FLOWS**  
**Internal Service Funds**  
**For the Year Ended June 30, 2004**

	Health Insurance	Equipment Revolving	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Customers	\$ 668,638		\$ 668,638
Cash Paid to Suppliers	(463,418)		(463,418)
Net Cash Provided by Operating Activities	205,220	-	205,220
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Advances From (To) Other Funds		\$ (62,059)	(62,059)
Due From (To) Other Funds	107,223	315,460	422,683
Net Cash Provided by Non-Capital Financing Activities	107,223	253,401	360,624
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and Dividends on Investments	1,451		1,451
Net Increase in Cash and Cash Equivalents	313,894	253,401	567,295
Cash and Cash Equivalents at Beginning of Year	-	-	-
Cash and Cash Equivalents at End of Year	\$ 313,894	\$ 253,401	\$ 567,295
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating Income	\$ 206,692	\$ -	\$ 206,692
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:			
(Decrease) in Liabilities:			
Accrued Expenses	(1,472)		(1,472)
Total Adjustments	(1,472)	-	(1,472)
Net Cash Provided by Operating Activities	\$ 205,220	\$ -	\$ 205,220

**CITY OF LE MARS, IOWA**  
**COMBINING STATEMENT OF NET ASSETS**  
**Agency Funds**  
**JUNE 30, 2004**

	<b>Flex Account</b>	<b>Payroll Clearing</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,489	\$ 72,593	\$ 75,082
<b>Total Assets</b>	<u>2,489</u>	<u>72,593</u>	<u>75,082</u>
<b>LIABILITIES</b>			
Accounts Payable	1,739	72,593	74,332
Due to Other Governments	750		750
<b>Total Liabilities</b>	<u>2,489</u>	<u>72,593</u>	<u>75,082</u>
<b>NET ASSETS</b>			
Unrestricted	-	-	-
<b>Total Net Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF LE MARS, IOWA**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2004**

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
<b><u>PAYROLL CLEARING</u></b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 2,921	\$ 3,419,577	\$ 3,349,905	\$ 72,593
Total Assets	2,921	3,419,577	3,349,905	72,593
<u>Liabilities</u>				
Accounts Payable	2,921	3,419,577	3,349,905	72,593
Total Liabilities	2,921	3,419,577	3,349,905	72,593
<b><u>FLEX</u></b>				
<u>Assets</u>				
Cash and Cash Equivalents	2,696	20,802	21,009	2,489
Total Assets	2,696	20,802	21,009	2,489
<u>Liabilities</u>				
Accounts Payable	1,946	20,802	21,009	1,739
Due to Other Governments	750			750
Total Liabilities	\$ 2,696	\$ 20,802	\$ 21,009	\$ 2,489
<b><u>ALL AGENCY FUNDS TOTAL</u></b>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 5,617	\$ 3,440,379	\$ 3,370,914	\$ 75,082
Total Assets	5,617	3,440,379	3,370,914	75,082
<u>Liabilities</u>				
Accounts Payable	4,867	3,440,379	3,370,914	74,332
Due to Other Governments	750	-	-	750
Total Liabilities	\$ 5,617	\$ 3,440,379	\$ 3,370,914	\$ 75,082

**CITY OF LE MARS, IOWA**

**TABLE I**

**General Governmental Expenditures By Function  
General, Special Revenue, and Debt Service Funds  
Last Ten Fiscal Years**

YEAR	COMMUNITY PROTECTION/ PUBLIC SAFETY	HUMAN DEVELOPMENT/ CULTURE & REC	HOME & COMM. ENV./ PUBLIC WORKS	HEALTH AND SOCIAL SERVICES	COMMUNITY & ECONOMIC DEVELOPMENT	GENERAL ADMIN./ GENERAL GOV'T	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
1994-95	1,117,318	514,590	713,806			787,987			3,133,701
1995-96	1,079,906	595,770	999,772			938,135			3,613,583
1996-97	1,192,036	1,095,861	1,017,114			955,497			4,260,508
1997-98	1,191,350	1,387,957	647,740			1,566,479			4,793,526
1998-99	1,280,376	1,983,711	918,405			940,706			5,123,198
1999-00	1,619,953	2,316,234	1,173,974			979,814			6,089,975
2000-01	1,502,032	2,062,406	1,386,125			799,351			5,749,914
2001-02	1,614,335	2,375,031	1,810,930			769,948			6,570,244
2002-03	1,870,184	1,072,516	680,930	60,869	920,159	858,423	1,135,420	811,494	7,409,995
2003-04	1,826,261	1,058,645	736,916	63,694	457,204	982,074	1,244,803	1,302,940	7,672,537

**TABLE II**

**General Governmental Revenues By Source  
General, Special Revenue, and Debt Service Funds  
Last Ten Fiscal Years**

YEAR	TAXES	SPECIAL ASSESSMENTS	PERMITS AND LICENSES	INTER- GOVERNMENTAL REVENUES	CHARGES FOR SERVICES	FINES AND FORFEITURES	USE OF MONEY AND MISCELLANEOUS	TOTAL
1994-95	1,991,540	13,684	67,915	734,250	227,662	17,121	269,984	3,322,156
1995-96	1,782,643	4,190	77,399	776,710	215,699	33,237	157,731	3,047,609
1996-97	1,858,796	44,809	89,057	828,820	211,667	33,753	253,755	3,320,657
1997-98	2,451,925	6,936	88,247	865,660	281,804	25,273	300,603	4,020,448
1998-99	3,000,013	7,907	137,842	1,074,373	377,787	29,128	611,887	5,238,937
1999-00	3,155,433	361	111,103	1,313,668	271,620	30,865	524,582	5,407,632
2000-01	3,246,349	342	112,606	1,370,780	329,285	22,846	582,929	5,665,137
2001-02	3,808,667	9,473	132,705	1,273,151	350,918	26,664	626,938	6,228,516
2002-03	4,708,758	1,050	103,165	1,164,341	326,723	24,479	1,081,921	7,410,437
2003-04	4,993,410	-	141,041	1,014,094	434,420	18,600	494,589	7,096,154

**TABLE III**

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

COLLECTION YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	COLLECTIONS AS PERCENT OF CURRENT LEVY
1994-95	1,965,655	1,973,030	100.38%	2,376	1,975,406	100.50%
1995-96	1,766,302	1,755,425	99.38%	6,625	1,762,050	99.76%
1996-97	1,799,013	1,798,700	99.98%	3,387	1,802,087	100.17%
1997-98	2,121,310	2,115,533	99.73%	3,005	2,118,538	99.87%
1998-99	2,640,129	2,645,836	100.22%	2	2,645,838	100.22%
1999-00	2,735,194	2,726,931	99.70%	4,091	2,731,022	99.85%
2000-01	2,769,075	2,743,521	99.08%	67	2,743,588	99.08%
2001-02	2,883,768	2,854,586	98.99%	5,161	2,859,747	99.17%
2002-03	2,883,298	2,892,661	100.32%	-	2,892,661	100.32%
2003-04	2,883,298	2,884,843	100.05%	-	2,884,843	100.05%

## CITY OF LE MARS, IOWA

TABLE IV

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

COLLECTION YEAR	REAL PROPERTY		PERSONAL PROPERTY		UTILITIES		TOTAL		% TO VALUE
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
1994-95	148,707,606	200,977,444	1,089,116	1,089,116	8,502,863	8,502,863	158,299,585	210,569,423	75.18%
1995-96	171,561,726	226,224,466	8,255,207	8,255,207	10,576,237	10,879,896	190,393,170	245,359,569	77.60%
1996-97	173,387,911	253,464,662	10,926,641	10,926,641	9,942,011	9,949,065	194,256,563	274,340,368	70.81%
1997-98	176,567,988	258,555,472	12,809,581	12,809,581	12,387,885	12,387,885	201,765,454	283,752,938	71.11%
1998-99	183,743,613	286,762,637	11,473,351	11,473,351	18,360,047	18,367,797	213,577,011	316,603,785	67.46%
1999-00	194,424,271	293,600,806	8,255,593	8,255,593	19,170,040	19,170,040	221,849,904	321,026,439	69.11%
2000-01	201,045,456	309,405,587	6,270,547	6,270,547	16,989,124	16,989,124	224,305,127	332,665,258	67.43%
2001-02	212,597,143	321,178,109	2,362,302	2,362,302	17,075,244	17,075,244	232,034,689	340,615,655	68.12%
2002-03	203,024,831	332,811,943	1,110,872	1,110,872	16,974,577	16,974,577	221,110,280	350,897,392	63.01%
2003-04	206,738,104	338,300,725	-	-	17,508,425	17,508,425	224,246,529	355,809,150	63.02%

TABLE V

Property Tax Rates And Tax Levies  
Direct and Overlapping Governments  
Last Ten Fiscal Years

YEAR	CITY	TAX RATES PER \$1,000			TOTAL
		SCHOOL DISTRICT	COUNTY CONSOL.	VOCATIONAL SCHOOL	
1994-95	10.63092	12.49896	3.64229	0.57017	27.34234
1995-96	9.26704	12.40722	3.21369	0.53795	25.42590
1996-97	9.26719	11.42265	3.11008	0.53266	24.33258
1997-98	9.95000	11.37797	3.17577	0.60796	25.11170
1998-99	11.95000	10.43685	3.10404	0.59515	26.08604
1999-00	11.95000	10.19925	2.90059	0.55951	25.60935
2000-01	11.95000	10.33518	2.90365	0.60985	25.79868
2001-02	11.97885	10.52094	3.09590	0.62121	26.21690
2002-03	12.64143	12.06944	3.19905	0.94866	28.85858
2003-04	12.34308	12.32176	3.57641	0.54141	28.78266

## TAX LEVIES

1994-95	1,965,665	1,978,580	576,573	90,258	4,611,076
1995-96	1,766,302	2,347,548	608,087	101,785	4,823,722
1996-97	1,799,013	2,205,555	600,513	102,849	4,707,930
1997-98	2,121,310	2,282,543	637,094	121,963	5,162,910
1998-99	2,640,129	2,216,904	659,333	126,417	5,642,783
1999-00	2,735,194	2,242,282	637,688	123,007	5,738,171
2000-01	2,769,075	2,296,925	645,317	135,535	5,846,852
2001-02	2,883,768	2,418,500	711,670	142,801	6,156,739
2002-03	2,883,298	2,642,924	700,517	207,734	6,434,473
2003-04	2,883,298	2,741,415	795,700	120,456	6,540,869

## CITY OF LE MARS, IOWA

TABLE VI

## Principal Taxpayers

TAXPAYER	TYPE OF BUSINESS	ESTIMATED ACTUAL VALUE	PERCENTAGE OF TOTAL ESTIMATED ACTUAL VALUE
WELLS DAIRY, INC.	COMMERICAL DAIRY	\$37,046,602	10.41%
MID AMERICAN ENERGY	UTILITY COMPANY	16,687,423	4.69%
NOR-AM COLD STORAGE INC.	COLD STORAGE FACILITY	7,264,580	2.04%
WAL-MART STORES INC.	DISCOUNT RETAIL STORE	6,393,501	1.80%
CCS REALTY CO. (CLOVERLEAF)	COLD STORAGE FACILITY	4,519,846	1.27%
HARKER'S DISTRIBUTION, INC.	FOOD PROCESSOR	3,752,320	1.05%
ROGER & BETTY ATHENS	REAL ESTATE	3,192,671	0.90%
BEKINS PROPERTY INC.	COLD STORAGE FACILITY	2,235,516	0.63%
FIRST TRUST & SAVINGS BANK	FINANCIAL INSTITUTION	1,853,257	0.52%
PRIME BANK	FINANCIAL INSTITUTION	1,700,560	0.48%
	TOTAL	84,646,276	23.79%
	ALL OTHERS	271,162,874	76.21%
		<u>\$ 355,809,150</u>	<u>100.00%</u>

TABLE VII

## Computation of Legal Debt Margin

June 30, 2004

## 2002-03 ESTIMATED ACTUAL VALUATION:

REAL ESTATE	\$338,300,725
PERSONAL PROPERTY	-
UTILITIES	17,508,425
	<u>\$355,809,150</u>

## DEBT LIMIT - 5% OF ESTIMATED ACTUAL VALUATION

\$17,790,458

## AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT

GENERAL BONDED DEBT	12,930,000
* OTHER DEBT	15,527,767
	<u>28,457,767</u>

## LESS:

* REVENUE BONDS	15,527,767
	<u>12,930,000</u>

## AMOUNT AVAILABLE FOR REPAYMENT OF GENERAL

OBLIGATION DEBT	75,254
-----------------	--------

## TOTAL DEBT APPLICABLE TO DEBT LIMIT

12,854,746

## LEGAL DEBT MARGIN

\$4,935,712

\*Includes Floyd Valley Hospital(Discrete Component Unit).

CITY OF LE MARS, IOWA  
TABLE VIII

Special Assessment Collections  
Last Ten Fiscal Years

Fiscal Year	Current Assessments Due	Current Assessments Collected	Percentage of Collections to Amount Due	Total Outstanding Current and Delinquent Assessments
1994-95	6,629	7,173	108%	24,342
1995-96	7,215	6,176	86%	18,241
1996-97	7,957	7,516	94%	61,473
1997-98	6,330	8,297	131%	14,129
1998-99	5,026	12,715	253%	3,226
1999-00	1,546	1,412	91%	1,814
2000-01	344	210	61%	1,604
2001-02	344	210	61%	1,394
2002-03	1,394	1,260	90%	134
2003-04	134	0	0%	134

TABLE IX

Ratio Of Net General Bonded Debt To  
Assessed Value And Net Bonded Debt Per Capita  
Last Ten Fiscal Years

LEVY YEARS	POP-ULATION	ASSESSED VALUE	GROSS BONDED DEBT	LESS DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA	NET BONDED DEBT TO ASSESSED VALUE
1994-95	8,655	158,299,585	2,602,735	142,228	2,460,507	.0155 TO 1	284.29	1.55%
1995-96	8,655	189,208,260	9,090,401	135,831	8,954,570	.0473 TO 1	1,034.61	4.73%
1996-97	9,433	193,086,098	8,820,830	30,644	8,790,186	.0455 TO 1	931.85	4.55%
1997-98	9,433	201,765,454	9,676,090	37,246	9,638,844	.0480 TO 1	1,021.82	4.80%
1998-99	9,433	213,577,011	8,198,509	49,006	8,149,503	.0382 TO 1	863.94	3.82%
1999-00	9,433	221,849,904	7,340,928	13,004	7,327,924	.0330 TO 1	776.84	3.30%
2000-01	9,237	224,305,127	6,738,348	21,234	6,717,114	.0300 TO 1	727.20	3.00%
2001-02	9,237	232,034,689	7,560,747	25,284	7,535,463	.0325 TO 1	815.79	3.25%
2002-03	9,237	221,110,280	8,745,000	29,236	8,715,764	.0394 TO 1	943.57	3.94%
2003-04	9,237	224,246,529	12,930,000	75,254	12,854,746	.0573 TO 1	1,391.66	5.73%

TABLE X

Ratio of Annual Debt Service Expenditures for  
General Bonded Debt to Total General Expenditures  
Last Ten Fiscal Years

Fiscal Year	Principal	Fees and Interest	Total Debt Service	Total* General Expenditures	Ratio of Debt Service to Total General Expenditures
1994-95	220,000	170,002	390,002	3,133,701	12.45%
1995-96	240,000	156,187	396,187	3,613,583	10.96%
1996-97	225,000	141,695	366,695	4,260,508	8.61%
1997-98	450,000	446,615	896,615	4,793,526	18.70%
1998-99	1,480,000	511,184	1,991,184	5,123,198	38.87%
1999-00	860,000	434,398	1,294,398	6,089,975	21.25%
2000-01	605,000	388,288	993,288	5,749,914	17.27%
2001-02	675,000	328,248	1,003,248	6,570,244	15.27%
2002-03	510,000	301,494	811,494	7,409,995	10.95%
2003-04	865,000	437,940	1,302,940	7,672,537	16.98%

\* General, Special Revenue, Debt Service Funds



**CITY OF LE MARS, IOWA**  
**TABLE XI**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2004**

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to this Governmental Unit	City of Le Mars Share of Debt
City of Le Mars, Iowa	\$9,954,746	100.00%	\$9,954,746
Plymouth County	5,250,000	23.95%	1,257,375
Le Mars Community Schools	1,475,000	49.37%	728,208
	<u>\$16,679,746</u>		<u>\$11,940,329</u>

**TABLE XII**  
**Sewer Revenue Bond Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Revenue*	Operating Expenses**	Net Rev. Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1994-95	954,628	481,678	472,950	135,000	116,958	251,958	1.88
1995-96	1,073,674	582,582	491,092	170,000	67,457	237,457	2.07
1996-97	1,147,059	525,783	621,276	270,000	132,472	402,472	1.54
1997-98	1,262,889	535,920	726,969	275,000	139,038	414,038	1.76
1998-99	1,351,793	580,221	771,572	285,000	126,917	411,917	1.87
1999-00	1,553,425	719,678	833,747	300,000	113,970	413,970	2.01
2000-01	1,634,391	968,976	665,415	310,000	100,043	410,043	1.62
2001-02	1,993,988	911,840	1,082,148	325,000	85,413	410,413	2.64
2002-03	2,076,806	941,726	1,135,080	355,000	155,065	510,065	2.22
2003-04	2,057,948	961,828	1,096,120	380,000	166,408	546,408	2.01

\* Operating revenues including interest

\*\* Operating Expenses Exclusive of Depreciation and Amortization

**CITY OF LE MARS, IOWA**  
**TABLE XIII**  
**Golf Course Revenue Bond Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Revenue*	Operating Expenses**	Net Rev. Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1994-95	210,539	135,357	75,182	10,000	13,563	23,563	3.19
1995-96	215,828	137,642	78,186	10,000	13,150	23,150	3.38
1996-97	231,655	182,677	48,978	10,000	12,435	22,435	2.18
1997-98	260,453	174,308	86,145	10,000	11,711	21,711	3.97
1998-99	250,253	201,195	49,058	15,000	10,974	25,974	1.89
1999-00	289,796	193,409	96,387	125,000	9,857	134,857	0.71
2000-01	277,823	184,521	93,302	-	-	-	N/A
2001-02	279,466	218,601	60,865	-	-	-	N/A
2002-03	283,576	224,761	58,815	-	-	-	N/A
2003-04	274,051	224,347	49,704	-	-	-	N/A

\* Operating Revenues Including Interest

\*\* Operating Expenses Exclusive of Depreciation and Amortization

**TABLE XIV**

**Demographic Statistics**  
**Last Ten Fiscal Years**

FISCAL YEAR	POPULATION	PER CAPITA INCOME	SCHOOL (2) ENROLLMENT	UNEMPLOYMENT RATE (%) (3)
1994-95	(4) 8,655	N/A	2,222	3.7%
1995-96	(4) 9,119	N/A	2,302	2.7%
1996-97	(1) 9,433	N/A	2,275	2.3%
1997-98	(1) 9,433	N/A	2,311	2.6%
1998-99	(1) 9,433	N/A	2,327	1.9%
1999-00	(1) 9,433	N/A	2,278	2.0%
2000-01	(1) 9,237	N/A	2,315	2.2%
2001-02	(1) 9,237	N/A	2,339	3.2%
2002-03	(1) 9,237	N/A	2,353	3.7%
2003-04	(1) 9,237	N/A	2,357	3.9%

(1) BUREAU OF CENSUS  
(2) LEMARS COMMUNITY SCHOOL DISTRICT  
(3) JOB SERVICE OF IOWA  
(4) STATE OF IOWA LIBRARY CENSUS  
(N/A) NOT AVAILABLE

**TABLE XV**  
**Property Value Construction And Bank Deposits**  
**Last Ten Fiscal Years**

YEAR	(1) COMMERCIAL CONSTRUCTION		(1) RESIDENTIAL CONSTRUCTION		(1)(2) INSTITUTIONAL CONSTRUCTION		(3) BANK DEPOSITS
	UNITS	VALUE	UNITS	VALUE	UNITS	VALUE	
1994	9	5,002,000	53	3,009,300	3	575,000	131,277,000
1995	11	2,247,285	49	2,407,700	3	671,000	136,828,000
1996	18	2,891,000	46	2,795,000	1	120,000	140,731,000
1997	14	6,421,327	56	3,333,000	3	665,000	198,540,000
1998	13	6,275,000	42	2,585,100	1	700,000	228,239,743
1999	11	6,313,071	39	4,506,200	1	239,000	255,507,783
2000	14	6,638,000	55	3,152,500	4	955,000	276,543,781
2001	13	2,236,600	38	2,449,200	4	872,500	297,678,757
2002	19	21,457,373	55	4,409,212	1	260,440	333,216,107
2003	13	2,315,267	47	4,139,021	4	1,234,678	355,625,852
2004	20	11,493,190	52	4,746,517	5	1,477,750	507,789,000

(1) INCLUDES NEW CONSTRUCTION AND REMODELING (SOURCE: LOCAL BUILDING PERMITS ISSUED)

(2) SCHOOLS, CHURCHES, CITY FACILITIES (SOURCE: LOCAL BUILDING PERMITS ISSUED)

(3) COMBINED DEPOSITS IN FOUR BANKS (SOURCE: BANK MANAGEMENT)

**CITY OF LE MARS, IOWA**  
**TABLE XVI**  
**Miscellaneous Statistics**  
**June 30, 2004**

Date of Incorporation	1881
Date City was Platted	1869
Form of Government	Mayor-Council
Population	9237
Term of Office:	
Mayor	2
Council Members	4
City Administrator	appointed by City Council
Number of Employees:	
Regular Full Time	56
Regular Part Time	7
Fire	26
Ambulance	14
Area in Square Miles	5.5
Miles of Streets	62
Percent of Streets Paved	99%
Number of Street Lights	702
Building Permits 2003-04	188
Total Building Permits Less	
Demolition and Moving	11
New Single and Multi-Family Dwellings	39
Municipal Water System:	
Number of Wells	6
Number of Fire Hydrants	522
Number of Customers	3,907
Storage Capacity (Gallons)	2,800,000
Average Daily Consumption (Gallons)	2,500,000
Peak Daily Consumption (Gallons)	4,800,000
Miles of Water Main	56
Sewer System:	
Miles of Sanitary Sewer	50
Miles of Storm Sewer	11
Number of Sanitary Sewer Customers	3,788
Average Daily Sewer Usage (Gallons)	1,803,300
Peak Load (Gallons)	3,149,000
Design Flow	4,256,000 @ 24,000 SUMMER / 18,000 WINTER
Number of Lift Stations	8
Number of Treatment Plants	1
Culture and Recreation:	
Number of Parks	14
Number of Libraries	1
Number of Volumes	38,000
Golf Courses	27
Swimming Pools	1
Tennis Courts	7
Campgrounds	1
Softball/Baseball fields	11
Theatre	1
Art Center	1
Recreation Building	1
Fire Stations	2
Police Stations	1
Airports	1
Convention Center	1

**CITY OF LE MARS, IOWA**  
**Schedule of Expenditures of Federal Awards (Cash Basis)**  
**Year Ended June 30, 2004**

	CFDA Number	Project/Contract Number	Program Disburse- ments
<b>Indirect:</b>			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Iowa Department of Economic Development:			
Home Investment Partnerships Program	14.239		\$ 25,067
U.S. DEPARTMENT OF JUSTICE:			
Governor's Office of Drug Control Policy:			
Local Law Enforcement Block Grants Program	16.592	02LE-0114	114
DEPARTMENT OF TRANSPORTATION:			
Governor's Traffic Safety Bureau, Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP 04-163	256
Safety Incentive Grants for Use of Seatbelts	20.604	PAP 04-157	2,337
Safety Incentive Grants for Use of Seatbelts	20.604	PAP 03-157	1,868
ENVIRONMENTAL PROTECTION AGENCY:			
Iowa Department of Natural Resources:			
Clean Water State Revolving Fund (Federal Portion)	66.458	CS19221401	<u>1,519,902</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,549,544</u></u>

CITY OF LE MARS, IOWA

Schedule of Expenditures of Federal Awards (Cash Basis) – (Continued)  
Year Ended June 30, 2004

Notes to Schedule of Expenditures of Federal Awards

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**Note 1 -** Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Le Mars and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note 2 -** The City of Le Mars had the following loan balances outstanding from the Iowa State Revolving Fund, CFDA #66.468 AND #66.458 at June 30, 2004.

	Total Of Loan Outstanding	Federal Portion Of Loan Outstanding
Water Revenue, Series 2000 (82.46%)	<u>\$ 1,019,000</u>	<u>\$ 840,267</u>
Water Revenue, Series 2003 (0%)	<u>\$ 3,097,242</u>	<u>\$ -</u>
Sewer Revenue, Series 2004 (83.33%)	<u>\$ 1,876,525</u>	<u>\$ 1,563,708</u>

**CITY OF LE MARS, IOWA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2004**

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**Part I: Summary of the Independent Auditors' Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, and are considered to be material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A reportable condition in internal control over major programs was disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program: CFDA Number 66.458 – Clean Water State Revolving Fund.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Le Mars did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**Instances of Non-Compliance:**

No matters were noted.

There were no prior year audit findings.

**Reportable Conditions:**

**II-A-04 - Grant Administration**

Observation – The City does not have a system in place to monitor the various grants received by the City.

Recommendation – The City should assign an individual to be responsible for grant administration including internal accounting and external reporting to ensure both timely reimbursement and compliance with applicable laws, regulations, contracts, and grant agreements.

Response – The City understands the nature of the weakness and will strive to improve grant administration.

Conclusion – Response accepted.

**II-B-04 Segregation of Duties**

Observation- The City employee who is responsible for the utility receipting function is also the member of the staff responsible for maintaining utility customer accounts and posting all payments to the respective accounts. This lack of segregation allows this one person the ability to manipulate customer accounts with no check or balances in place to prevent this type of activity.

Recommendation- The function of maintaining and posting to customer accounts and the function of collecting and depositing receipts should be two wholly separate functions with two separate employees. Ideally the staff member who maintains the customer accounts should never handle or deal with the cash proceeds and likewise the employee who handles the receipts should not have access to adjusting or posting to customer accounts.

**CITY OF LE MARS, IOWA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2004**

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Response- The City has hired an additional employee who is in the process of training and starting to be integrated into the utility receipting process, to attempt to separate the functions of receipting and maintaining customer accounts. However, as of the report date this transition had not been fully completed and a segregation issue still existed.

Conclusion- This continues to be an issue; however it appears the City is working to try to resolve this condition.

**Part III: Findings and Questioned Costs For Federal Awards**

**Instances of Non-Compliance:**

No matters were noted.

There were no prior year audit findings.

**Reportable Conditions:**

III-A-04 - Grant Administration

Observation – The City does not have a system in place to monitor the various grants received by the City.

Recommendation – The City should assign an individual to be responsible for grant administration including internal accounting and external reporting to ensure both timely reimbursement and compliance with applicable laws, regulations, contracts, and grant agreements.

Response – The City understands the nature of the weakness and will strive to improve grant administration.

Conclusion – Response accepted.

**Part IV: Other Findings Related to Statutory Reporting:**

IV-A-04 - Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.

IV-B-04 - Certified Budget – Disbursements during the year ended June 30, 2004, did not exceed the amounts budgeted.

IV-C-04 - Questionable Expenditures - We noted no questionable expenditures during our audit.

IV-D-04 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

**CITY OF LE MARS, IOWA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2004**

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IV-E-04 - Business Transactions - Business transactions between the City and City officials and/or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction/Description</u>	<u>Amount</u>	
Kenneth Nelson, Owner of Le Mars Flower House	Flowers	\$55	*
Cris Collins, President of Gus Pech Manufacturing Co., Inc.	Maintenance, Olson Event Center, City Hall Remodel	\$12,150	**

\*The transaction does not appear to represent a conflict of interest since the total transaction was less than \$1,500 during the year.

\*\*This transaction may represent a conflict of interest and the City should contact legal council for determination.

IV-F-04 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

IV-G-04 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

IV-H-04 - Revenue Bonds - No violations of revenue bond resolutions were noted.

IV-I-04 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.



CITY OF LE MARS, IOWA  
Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2004

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Finding – Year Ended June 30, 2003

II-A-03 - Grant Administration

Observation - The City does not have a system in place to monitor the various grants received by the City.

Recommendation - The City should assign an individual to be responsible for grant administration including internal accounting and external reporting to ensure both timely reimbursement and compliance with applicable laws, regulations, contracts, and grant agreements.

Current Status – The finding still exists at June 30, 2004 (See Comment II-A-04).

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**Report on Compliance with Requirements Applicable to the  
Major Program and Internal Control over Compliance in  
Accordance with OMB Circular A-133**

The Mayor and Members of the  
City Council  
Le Mars, Iowa

**Compliance**

We have audited the compliance of the City of Le Mars, Iowa (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The City's major federal program is identified in Part 1 of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in a material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

**Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal program. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on the major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in

our judgment, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in Part III of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item III-A-04 to be a material weakness.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Williams & Company, P.C.*  
Certified Public Accountants

September 24, 2004  
Le Mars, Iowa

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Members of the City Council  
City of Le Mars, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF LE MARS, IOWA as of and for the year ended June 30, 2004, which collectively comprise the City of Le Mars, Iowa's basic financial statements and have issued our report thereon dated September 24, 2004. We did not audit the financial statements of Floyd Valley Municipal Hospital (a discretely presented component unit) which statements reflect total assets of \$23,764,003 and operating revenues of \$16,126,599 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on these financial statements, insofar as it relates to the amounts included for Floyd Valley Municipal Hospital, was based solely on the report of other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Compliance:***

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have all been resolved.

***Internal Control over Financial Reporting:***

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions

are described in Part II of the accompanying Schedule of Findings and Questioned Costs as Item II-A-04 and II-B-04.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items II-A-04 and II-B-04 to be material weaknesses.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

If you have any questions concerning the above matters, we would be pleased to discuss them with you at your convenience.

  
Certified Public Accountants

September 24, 2004  
Le Mars, Iowa

**Corrective Action Plan**  
**January 6, 2005**

**Environmental Protection Agency:**

The City of Le Mars, Iowa, respectfully submits the following corrective action plan for the year ended June 30, 2004.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2004.

The finding from the June 30, 2004 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule. Part I of the schedule, Summary of the Independent Auditor's Results, does not include a finding and is not addressed.

**Part III - Findings and Questioned Costs For Federal Awards.**

**Reportable Condition:**

**A. Grant Administration**

Observation – The City does not have a system in place to monitor the various grants received by the City.

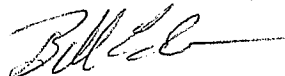
Recommendation – The City should assign an individual to be responsible for grant administration including internal accounting and external reporting to ensure both timely reimbursement and compliance with applicable laws, regulations, contracts, and grant agreements.

Response – The City understands the nature of the weakness and will strive to improve grant administration.

If the Environmental Protection Agency has questions regarding this plan, please call Bill Cole at 712-548-4965.

Sincerely yours,

CITY OF LE MARS, IOWA



Bill Cole, Finance Director